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GENERAL PLAN HOUSING ELEMENT



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SECTION I: INTRODUCTION

SECTION I: INTRODUCTION

I. INTRODUCTION

INTENT AND PURPOSE

This is the Housing Element of the Placentia General Plan. The fundamental purpose of this element is to provide a framework and make specific policy and program proposals for responding to Placentia's identified housing needs. While the focus of this element is upon providing adequate housing opportunities for families of low and moderate income, it is also the intent of this element to ensure a decent, safe and sanitary shelter for all present and future residents of Placentia. The secondary purpose of this element is to meet the statutory and regulatory State requirements for housing elements in general. Consequently, the following sections focus on the identification and description of need, and set several courses of action for meeting those needs.

AUTHORITY

Placentia first adopted a Housing Element in 1974. This was amended in 1981 according to the 1977 Housing Element Guidelines. The present amendment is per Section 65302(c) of the Government Code which requires each general law and charter city to include as one of the nine mandatory components of its general plan:

"A housing element as provided in Article 10.6 (commencing with Section 65580)"

Article 10.6 states:

"The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobilehomes, and shall make adequate provision for the existing and projected needs of all economic segments of the community."

CONTENTS OF THE HOUSING ELEMENT

The City of Placentia Housing Element consists of two parts: the Housing Element and the Housing Data Report.

Part I - the Housing Element, is the principle document and contains the basic components required of a housing element including the identified housing needs of the community, established goals and policies and the city's comprehensive housing program.

Part II - The Housing Data Report, is a technical support document which contains community demographic data, supplemental information on related policies, and a synopsis of alternative programs.

The Housing Data Report is presented separately so that the City can update the demographics and review changes in housing programs without the need to amend the actual Housing Element itself. Only when demographic and/or program changes are significant should the City initiate an amendment to the Housing Element.

SECTION II: SUMMARY OF HOUSING
SUPPLY AND NEEDS

II. SUMMARY OF HOUSING SUPPLY AND NEEDS

A. HOUSING SUPPLY

POPULATION

The City of Placentia shared in the rapid growth of Southern California during the 1960's and 1970's. From a 1960 population of 3,861 the City has grown to an estimated 1984 population of 37,319, an increase of over 865 percent. Nearly all of this population growth has been the result of people (much of the adult baby boom population) moving to the newer job markets in Orange County

From the 1980 census it can be seen that the ethnic composition of the City has remained fairly stable over the past decade, in contrast to many communities which have had considerable change. The white population of 1970 of 79.8 percent has increased to an estimated 85.4 percent. The Hispanic population has increased slightly since 1970, from 16.9 percent of the population to 20.3 percent.

The City's 1988 General Plan projects an ultimate population of approximately 44,000. Thus, between 1984 and 1988 the City can expect an additional population of 6600 persons. The primary source of this additional population will be the development of the City's remaining vacant residential acreage.

HOUSING SUPPLY

As of January, 1984, the number of housing units in Placentia was approximately 12,112. During the period between 1970 and 1984, an average of 414 dwellings were added to the City's housing stock each year. Although the percentage of single-family homes dropped from 84.6 percent in 1970 to 73.1 percent in 1984, single-family homes continue to dominate the City's residential neighborhoods. This predominance of single-family dwellings can be expected to continue since the majority of the City's ultimate housing stock is existing already.

While the overall percentage of single-family detached homes has declined over the past 14 years, multiple-family dwellings and mobile homes increased their share of the City's housing stock, to where in 1984 they represented 22.9 percent and 4.0 percent of the housing respectively. Single-family attached units should continue to constitute a larger portion of the new housing supply of the City, particularly townhouses and condominiums, due to the anticipated housing market and the type of zoning on the City's remaining vacant land.

The majority of the existing housing stock is relatively new and in good physical condition. Approximately 86 percent of the City's dwellings in 1984 were constructed after 1960, which accounts for the general lack of deteriorating or substandard dwelling units. According to the SCAG prepared 1979 Areawide Housing Opportunity Plan (AHOP) an estimated 446 housing units were in need of rehabilitation. This constituted about 4 percent of the City's total housing stock. The majority of those units (328) are located in the neighborhoods of La Jolla, Santa Fe and Atwood. This can be attributed primarily to the fact that these neighborhoods contain much of the City's oldest, original residences. These three neighborhoods have been designated as "target areas" for HCDA purposes. Since 1979, the City has received and loaned over \$620,000 to 67 property owners in these areas for housing rehabilitation. (Note: the City participates in CDBG funding together with twelve other cities and the County of Orange in an Urban County Application).

Two new houses have been built in these areas through the County's infill program. In addition CDBG funds were used to supply free paint to approximately 200 homes in a concentrated neighborhood preservation effort.

HOUSEHOLDS AND INCOME

In 1980, the majority of the population was residing in single-family dwellings (80.8 percent). Multiple family dwellings and mobile homes accommodated 16.7 and 2.5 percent of the population respectively. The average household size for single-family dwellings is approximately 3.5 persons per household (pph), considerably larger than the 1.6 pph for multiple family dwellings and 1.8 pph for mobile homes.

In 1980 an estimated 76 percent of the City's households owned the dwellings they lived in, while the remaining 24 percent rented their homes. In contrast to most communities in Orange County the trend in Placentia has been towards increasing homeownership. Elsewhere in much of the County the trend has been opposite, toward increasing rentals. Between 1970 and 1979 the share of homeownership increased from 76 percent to 79 percent. This owner-renter 4:1 ratio of the City's contrasts considerably with the County-wide ratio of 1.5:1. Households in Placentia consistently have had higher incomes than the County as a whole. In 1970 the median incomes for the City and County were \$14,000 and \$12,000 respectively. By 1975 the median income for a household in Placentia had increased to \$18,600, while for a household in the County it was \$14,500. The median income for a household in Placentia for 1979 was about \$26,874 while the County-wide median was approximately \$22,802.

FUTURE DEVELOPMENT

The City has approximately 547 acres of undeveloped land designated for residential usage. Nearly all of this land is in the central and southeastern portions of Placentia, includes part of the golf course and adjacent vacant properties. Assuming that all of the vacant residential properties are developed at the maximum allowable densities, the remaining land can provide approximately an additional 4600 dwelling units. Due to current zoning on these vacant properties, predominantly R-1 and RPC, the majority of the anticipated dwellings can be expected to be single-family units and/or townhouses/condominiums.

While much of the vacant land is presently under study for development, actual construction may be artificially constrained. The primary constraints at work seem to be (1) the high cost of land purchase, (2) the uncertainty of construction and purchasing financing due to the national economy. Assuming that the current conditions of the building industry and the financial institutions improves, the City still has considerable potential for residential growth.

B. HOUSING NEEDS

HOUSING AFFORDABILITY

Housing affordability has become the primary housing problem over the last several years in California, particularly in Orange County. In this respect the City of Placentia shares this common problem. According to the 1970 U.S. Census, the average priced home in Placentia was selling for \$31,500. By mid-1979, the average sales price for a dwelling (both single-family detached and condominium/townhouse) had risen to \$98,400. For single-family units, the sales price had increased to \$110,900 and by 1983 the median priced home was \$116,600. This represents an increase of approximately 270% over the last 13 years for the average home.

This contrasts significantly with the median income for households over the same period. In 1970 the median annual income for a family living in Placentia was \$14,000. The median income for a Placentia household in 1979 was \$28,844. This represents an income increase of approximately 106%. As may be seen, there has been a considerable widening of the gap between income and the cost of the "average" home. In particular need are those families who are least able to economically provide housing for themselves, i.e. those lower income households paying in excess of 30 percent of their gross monthly income for housing. Thus, these families have less money to pay for other necessities, i.e., food, clothing, medical services, etc., and must cut back on these essentials, which is more critical on a restricted budget.

The 1980 Census indicated that there were 1,166 lower income households, or approximately 10% of the total number, paying over 30% of their income for housing. The City's fair share allocation from 1983-1988 is estimated to add another 503 households to this number, thus increasing the percentage of the estimated 12,443 households to 13%.

SCAG's Regional Housing Allocation Model designates Placentia as a "High Cost Area" since the income needed to purchase the median-priced home of \$116,600 was estimated to be \$39,975 which was greater than 120% of the median income i.e. \$32,249. The number of households in this category was estimated to be

2,454. While this may be interpreted as the number of relatively higher income households priced out of the home-buying market, it should be noted that many of these households already occupy these units, having paid the "historical" housing cost.

Of the current lower-income families in need, 70.7% are renters, 29.3% are owners. This almost is the reverse of the overall City totals where 73.2% of all housing units are owner-occupied while only 26.8% are renter-occupied. The homeownership percent for families needing housing assistance can be expected to decline further due to the lack of affordable housing units on the market.

SPECIAL NEEDS GROUPS

The City of Placentia contains several groups of households which are in need of particular attention. These groups have special housing needs which cannot be adequately addressed privately due to their restricted income levels. These population segments include minority, female-headed, elderly and newly formed households.

- Minority Households

The 1980 Census provides the most current source of minority household information. The households by race are:

<u>Category</u>	<u>Number</u>	<u>% of Total</u>
Black	126	1.2
Indian	64	0.6
Asian	350	3.2
Other	714	6.6
	1254	11.6

Hispanic households are not a racial category but comprise a separate one called "Spanish Origin." These 1699 households represent 15.7% of the City total.

Comparison of median incomes indicates that they are lower than the City median for all minority groups with the exception of Asian.

<u>Category</u>	<u>Median Income</u>
City	\$28,844
Black	23,428
Asian	32,211
Spanish Origin	19,230

- Female-Headed Households

A recent trend has been the increase of female-headed households. These include unmarried women and elderly widows living alone plus widows and divorcees with families who have not remarried. There have been an increasing number of women who can support themselves and want to enter the homeownership market on their own.

Of the total 10,794 households in Placentia, 1821 are female-headed in the following categories:

<u>Type of Household</u>	<u>No. Households</u>	<u>% of Total</u>
1 person - female	749	6.9
2+ persons/family, female, no husband	936	8.7
2+ persons/non-family, female householder	<u>136</u>	<u>1.3</u>
Total	1821	16.9

Of the 337 families, 3.7% of the total, identified in the 1980 Census as below the poverty level, 118 or 35% are female-headed. Further, 95 of these families have children under 18.

- Elderly Households

There are 1882 households, 17.4% of the total, with persons 60+ years and over:

1 person	436
2+ persons,family	1420
2+ persons,non-family	<u>26</u>
Total	1882

Of the 337 families with incomes below the poverty level, 30 have a householder 65 years and over and 84 persons in this category have been identified as having an income below the poverty level.

- Newly-formed Households

These include first-time buyers such as newly married couples who grew up in Placentia and wish to remain. There are no available statistics for this category, however, the relatively low median age in the City together with a high average sales price per house indicates that this may be a special needs group.

OVERCROWDING

The U. S. Census considers overcrowding to exist when the number of persons per room exceeds 1.01; severe overcrowding exists when there are more than 1.51 persons per room. In Placentia, overcrowding is not a problem; 390 houses are identified as being overcrowded and an additional 308 are considered severely overcrowded. This is 3.6% and 2.9% respectively of the total occupied housing units. The decrease in the average size of families plus the relatively new and large residences have contributed to the low numbers of over-crowded units.

SUITABILITY/HABITABILITY

Approximately 86% of the City's housing stock was built after 1960; only 6% was built prior to 1949. Therefore, the majority of the houses in Placentia are relatively new and in good condition.

Approximately 77% of the houses built prior to 1949 (515) are located in the three census tracts which comprise Placentia's HCDA target areas. Previous studies estimated that there were approximately 205 substandard units in the City and another 240 which were suitable for rehabilitation; these units were located in the same census tracts.

FUTURE HOUSING NEEDS

New housing will be needed to:

1. Replace existing dilapidated housing.
2. Accommodate estimated "fair-share" households expected to reside in the City i.e. special needs groups.
3. Provide housing for new households, such as newly married couples who wish to remain in Placentia.

Another factor influencing future housing needs is potential new employment opportunities in the City. The best source of information is SCAG's City Employment Growth Forecast. There were 8100 people employed in Placentia in 1980; projections are that this will increase to 12,200 by the year 2000. Some, if not perhaps all, of these employees can be expected to either live or want to live in Placentia.

The combination of all of these factors points to a need for an annual minimum number of new housing unit starts of approximately 300 units. It should be noted that this figure merely provides for the known housing needs and does not take into consideration those categories for which no specific data is available nor for the normal random immigration of new residents in the "market-rate" category.

Assuming that all of the vacant residential properties in the City are developed at the maximum allowable densities, the remaining land can provide approximately an additional 4636 dwelling units. This offers enough expansion opportunity to meet the City's housing needs of 300 housing starts per annum well beyond the year 1988.

However, another aspect of future housing needs is the necessity to have a percentage of the new housing units affordable to "non-market rate" households. These "non-market rate" households include the projected fair-share households, the households moving from the dilapidated dwellings, and more than likely a percentage of the newly-formed households and the new employment households.

From known information a minimum of 155 new units per year will need to be affordable to those households. This number is most likely below the actual number needed as it excludes the unknown number of below-market households that will derive from the newly formed household and new employment household categories.

To date housing construction in the City has provided a cross-section of unit types. However, due to the R-1 and RPC zoning on the majority of the remaining vacant land, most new units can be expected to be single-family detached and attached condominiums/townhouses. Although 208 apartment units are either proposed or currently under construction, there is little land left which is zoned for this use which may lead to an alteration of the City's current owner/rental ratio.

ALTERNATIVE HOUSING FORMS

To encourage the development of alternative housing forms which may provide additional affordable homeownership, the City has adopted ordinances which provide for condominium conversions of apartment units and the installation of mobile home/manufactured housing units on residential lots.

Condominium Conversions:

The City recognizes that condominium conversions often offer affordable housing. Therefore the City has adopted a condominium conversion ordinance which permits conversion of multiple-family dwellings into homeownership provided the conversion does not significantly impact the availability of rental housing. To insure this, the ordinance provides that no more than 100 units per 12 month period may be converted whenever the City's apartment vacancy rate falls below 3 percent. Also, in order to protect existing tenants the City has adopted all of the State's criteria regarding tenant rights and tenant notification.

Mobile home/manufactured housing ordinance:

New construction methods also may offer affordable housing therefore the City has adopted a mobile home/manufactured housing ordinance that provides for the installation of mobile homes and/or manufactured housing on designated lots within the target areas upon which single-family dwellings are permitted. The only qualifications are minor architectural requirements designed to insure compatibility with surrounding residences.

SECTION III: HOUSING PLAN:
GOALS AND POLICIES

III. HOUSING PLAN: GOALS AND OBJECTIVES

Keeping in mind those Federal, State and Regional housing policies pertinent to Placentia, the Housing Advisory Committee identified and discussed the major issues in the City and, based on initial consultant recommendations, evolved a series of housing goals and policies to address the City's housing problems. The following table presents those identified issues and the goals and policies. The Section is organized around the five issue areas identified by the Housing Element Guidelines. The implementation phase of the Housing Plan is described in Section IV.

HOUSING PLAN: ISSUES, GOALS, POLICIES AND PROGRAMS

PRESERVATION OF HOUSING AND NEIGHBORHOODS

PRESERVATION OF AFFORDABILITY

PLANS AND STANDARDS FOR ADEQUATE SITES

ACCESSIBILITY OF ALL COMMUNITY SEGMENTS

ADEQUATE PROVISION FOR HOUSING NEEDS OF ALL ECONOMIC SEGMENTS

ISSUES

THE NEED TO PROVIDE SPECIAL ATTENTION TO THOSE AREAS IN TRANSITION FROM LOW TO HIGH DENSITY RESIDENTIAL DEVELOPMENT

THE NEED FOR THE CITY TO INITIATE MEASURES TO PRESERVE ESTABLISHED NEIGHBORHOODS FACED WITH DETERIORATION.

THE NEED TO ASSURE ENFORCEMENT OF BUILDING AND HOUSING CODES (WITH EMPHASIS ON HEALTH AND SAFETY) AND REHABILITATION OF DETERIORATING HOUSING.

THE NEED TO MAINTAIN EXISTING AFFORDABLE HOUSING STOCK.

THE NEED TO EVALUATE VACANT LAND TO PROVIDE LOW- AND MODERATE-INCOME HOUSING.

THE NEED TO LOCATE LOW- AND MODERATE-INCOME HOUSING EQUITABLY THROUGHOUT THE CITY AND IN RELATIVE PROXIMITY TO SUPPORT SERVICES.

THE NEED TO MAINTAIN THE CONTINUED DEVELOPMENT OF LOW DENSITY RESIDENCES. THE NEED TO INCORPORATE HIGH DESIGN STANDARDS WITHIN HIGH DENSITY RESIDENTIAL DEVELOPMENTS

The need to continually examine the city's existing owner to renter ratio with respect to housing to determine if it should be decreased or maintained.

THE NEED TO PROVIDE SPECIAL ATTENTION TO THE NEEDS AND OPPORTUNITIES OF THE CITY'S SENIOR CITIZENS.

THE NEED TO PROVIDE ADDITIONAL RENTAL HOUSING OPPORTUNITIES FOR FAMILIES WITH CHILDREN WITHIN THE EXISTING OWNER-RENTER RATIO.

THE NEED TO CONTINUE TO PROVIDE HOUSING OPPORTUNITIES FOR PERSONS WHO ALREADY RESIDE WITHIN THE CITY.

THE NEED TO ASSURE THE PROVISION OF SAFE, SANITARY AND DECENT HOUSING FOR ALL RESIDENTS OF THE CITY.

THE NEED TO ENCOURAGE THE PROVISION OF A FULL RANGE AND VARIETY OF HOUSING TYPES FOR ALL ECONOMIC SEGMENTS.

GOALS

REDUCTION OF DETERIORATED AND/OR SUBSTANDARD HOUSING UNITS WITHIN THE CITY.

CONSERVATION AND IMPROVEMENT OF EXISTING RESIDENTIAL NEIGHBORHOODS.

MAINTAIN A HOUSING SUPPLY OF WHICH AN ADEQUATE PORTION IS AFFORDABLE AND WHICH ENABLES THE VARIOUS SEGMENTS OF THE CITY TO SATISFY THEIR HOUSING NEEDS WITHIN THE LIMITS OF THEIR ECONOMIC RESOURCES.

DEVELOPMENT OF A VARIETY OF HOUSING IN REGARD TO LOCATION, TYPES, PRICE AND TENURE WITHIN THE CONSTRAINTS OF AVAILABLE LAND.

ENCOURAGEMENT OF HOUSING FOR LOW- AND MODERATE-INCOME HOUSEHOLDS WITHIN AREAS ADEQUATE WITH RESPECT TO COMMUNITY AND RETAIL SERVICES AND ENVIRONMENTAL CONSTRAINTS.

EXISTENCE OF EQUAL HOUSING OPPORTUNITIES FOR ALL REGARDLESS OF RACE, RELIGION, SEX, AGE, MARITAL STATUS OR OTHER ARBITRARY FACTORS.

SATISFACTION OF THE HOUSING NEEDS OF ALL HOUSEHOLDS IN PLACENTIA, INCLUDING PROVISION OF AFFORDABLE HOUSING FOR LOW- AND MODERATE-INCOME HOUSEHOLDS.

POLICIES

ENCOURAGE HOUSING PLANNING AND IMPROVEMENTS AT THE NEIGHBORHOOD LEVEL, WITH MAXIMUM AMOUNT OF CITIZEN PARTICIPATION.

ENCOURAGE THE MAINTENANCE OF EXISTING HOUSING TO PREVENT DETERIORATION.

ENCOURAGE THE REHABILITATION OR REPLACEMENT OF SUBSTANDARD AND DETERIORATING HOUSING UNITS.

PROVIDE AND MAINTAIN AN ADEQUATE LEVEL OF COMMUNITY FACILITIES AND PUBLIC SERVICES TO ALL COMMUNITY AREAS.

UTILIZE THE DESIGN REVIEW PROCESS TO MINIMIZE OVERALL IMPACT OF REUSE OF LAND ON EXISTING ADJACENT RESIDENTIAL DEVELOPMENT.

REQUIRE THE FUTURE AFFORDABILITY OF ANY HOUSING UNITS UTILIZING PUBLIC FUNDS FOR REHABILITATION AND/OR CONSTRUCTION.

ESTABLISH CRITERIA FOR REGULATION OF CONVERSION OF MULTIPLE-FAMILY DWELLINGS TO CONDOMINIUMS, STOCK COOPERATIVES AND COMMUNITY APARTMENTS.

ACTIVELY INFLUENCE THROUGH PRACTICAL METHODS AND TECHNIQUES THE NUMBER AND RATE OF NEW HOUSING UNITS BUILT SO THAT DEVELOPMENT IS AS CONSISTENT AS POSSIBLE WITH THE GROWTH POLICIES OF THE CITY.

ESTABLISH CRITERIA FOR EVALUATING THE SITING AND SUITABILITY FOR ASSISTED AND SPECIAL NEEDS HOUSING.

PROVIDE OPPORTUNITIES FOR NEW CONSTRUCTION METHODS AND HOUSING TYPES FOR LOW- AND MODERATE-INCOME HOUSEHOLDS, INCLUDING MOBILE HOMES AND FACTORY/OFF-SITE BUILT HOUSING UNITS.

Encourage the development of housing which is consistent with decreasing or maintaining the city's current owner-occupied to renter-occupied ratio.

ENCOURAGE THE PROVISION OF ADEQUATE NUMBERS AND TYPE OF HOUSING TO MEET THE NEEDS OF FAMILIES OF ALL SIZES.

ENCOURAGE THE PROVISION OF SUFFICIENT AND ADEQUATE RENTAL UNITS FOR FAMILIES WITH CHILDREN.

PROMOTE FAIR HOUSING PRACTICES THROUGHOUT THE CITY.

PROMOTE HOUSING WHICH MEETS THE SPECIAL NEEDS OF HANDICAPPED AND ELDERLY PERSONS.

ENCOURAGE THE PROVISION OF RELOCATION HOUSING FOR LOW OR MODERATE-INCOME HOUSEHOLDS DISPLACED BY PUBLIC DEVELOPMENTS.

CONTINUE UTILIZATION OF FEDERAL AND STATE HOUSING ASSISTANCE PROGRAMS.

ENCOURAGE THE PARTICIPATION AND FINANCIAL COMMITMENT OF PRIVATE ENTITIES IN ATTAINING HOUSING GOALS.

NEIGHBORHOOD STRATEGY AREA	COMMUNITY IMPROVEMENT AND RESTORATION PROGRAM	Bond Financing	Special Zoning	HOMEOWNERSHIP CO-INVESTMENT (2)	Manufactured Housing	Second Units	SECTION 8 ASSISTING EXISTING HOUSING	GRAND COUNTY FAIR HOUSING COUNCIL SUPPORT	LAND USE ELEMENT	Sr. Citizen Housing	CONDO CONVERSION OUTREACH
										E	
E											
E											
E			E								
			E			P				E	
	E	E									
											E
						P				E	
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						P	E			E	E
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E	E	E		P	E	P	E				
	E	E		P	E						

E EXISTING PROGRAM

P PROPOSED PROGRAM

NOTES: (1) HOUSING ADVISORY COMMITTEE RECOMMENDATION

(2) RECOMMENDED FOR IMPLEMENTATION IN CONJUNCTION WITH OTHER PROGRAMS

SECTION IV: HOUSING PLAN:
IMPLEMENTATION

IV. HOUSING PLAN IMPLEMENTATION

Section III outlined the Goals, Policies and Programs of the Placentia Housing Element. The purpose of this Section is in turn to establish timetables, set priorities, and means of administering the implementation of the proposed programs. This Section addresses the goals for each proposed action and the basic administration of the programs.

HOUSING ACTIONS AND TIMETABLES

This section sets forth the timetable and, thus, priorities for implementing the action programs called for in Section III. It is not intended that all actions called for in Section III be implemented immediately. Rather, programs should be phased into action in accordance with the availability of adequate staff and necessary resources.

The Housing Data Report (separate) contains brief descriptions of the actions referenced below. The action programs which follow were developed using the following general guidelines:

- Maximize the number of families to be served.
- Minimize additional staffing needs and expenses on the part of the City of Placentia.
- Avoid long-term ongoing revenue commitments from the City's general fund.

1. Program: Neighborhood Strategy Area Street Improvement

Status: Existing Program

Objective: Provide and/or upgrade street and utility improvement in neighborhoods of La Jolla and Santa Fe (20% of total needs each year).

Responsible Agency: Placentia Department of Public Works

Source of Funds: Grants

Schedule: On-going

Specific Actions Required: Identify all applicable funding sources and submit appropriate applications.

2. Program: City Improvement and Restoration Program

Status: Existing Program

Objective: Provide low-interest rehabilitation loans (10 loans per year)

Responsible Agency: Placentia Department of Development Services/
Bank of America

Source of Funds: CDBG Funds (Revolving Account)

Schedule: Ongoing

Specific Actions Required: Reassess community conditions as necessary to determine if new target areas need to be added. Also, continue aggressive marketing campaign of program in the target areas.

3. Program: Bond Financing

Status: Existing Program

Objective: Provide low-interest construction loans to develop for multi-family housing.

Responsible Agency: County of Orange

Source of Funds: Bond issue

Schedule: Ongoing - whenever a bond issue is offered.

Specific Action Required: Monitor County announcements for availability of funds and aggressively market program

4. Program: Special Zoning

Status: Existing Program

Objective: Provide specific plans and development standards to address the unique needs of the City's older areas, both residential and commercial.

Responsible Agency: Placentia Department of Development Services

Source of Funds: Department of Development Services Budget (staff time)

Schedule: 1984

Specific Action Required: Amend zoning code to provide for a mixed use district plus a means to use substandard R-1 lots.

5. Program: State Homeownership Co-Investment Program

Status: Proposed Program

Objective: Provide Homeownership opportunities to low and moderate income households, particularly rental tenants within condominium conversion projects (unknown number)

Responsible Agency: Department of Housing and Community Development/
City of Placentia/Private Parties.

Source of Funds: State Department of Housing and Community Development
budget and private funds

Schedule: Ongoing

Specific Action Required: Monitor State announcements for availability of funds and aggressively market program as funds become available.

6. Program: Manufactured Housing

Status: Existing Program

Objective: Provide opportunity for affordable homeownership through use of an alternative method of construction.

Responsible Agency: Placentia Department of Development Services

Source of Funds: Department of Development Services Budget (staff time).

Schedule: Ongoing

Specific Actions Required: Review each mobile home and/or manufactured housing development proposal to insure compliance with the City's ordinance,

7. Program: Section 8 Housing Assistance Payment Program

Status: Existing Program.

Objective: Provide rental assistance to Placentia low and moderate income residents (105 units per year).

Responsible Agency: Orange County Housing Authority

Source of Funds: Department of Housing and Urban Development/Orange
County Housing Authority.

Schedule: Ongoing

7. Cont:

Specific Actions Required: Establish referral process to direct applicants to City's Department of Human Services for assistance in entering program. Encourage investor/owners participating in the City Improvement and Restoration Program to become participants in the Section 8 program as well.

8. Program: Orange County Fair Housing Council (OCFHC) Support

Status: Existing Program

Objective: Provide organization for investigation of housing discrimination and tenant-landlord complaints.

Responsible Agency: OCFHC/County of Orange

Source of Funds: County of Orange CDBG funds

Schedule: Ongoing

Specific Actions Required: Actively disseminate information regarding program and establish referral process to insure all complaints are directed to Orange County Fair Housing Council.

9. Program: Land Use Element

Status: Existing Program

Objective: Provide a full range of housing designs and densities.

Responsible Agency: Placentia Department of Development Services

Source of Funds: Department of Development Services Budget

Schedule: Ongoing

Specific Actions Required: Evaluate Land Use Element to insure no conflicts with the goals and objectives of the Housing Element. Amend as necessary to provide for and encourage all forms of housing types.

10. Program: Site Suitability Criteria
Status: Existing program
Objective: Increase land use compatibility and housing opportunities for low and moderate income.
Responsible Agency: Placentia Department of Development Services
Source of Funds: Department of Development Services Budget (staff time)
Schedule: 1984-1988
Specific Action Required: Incorporate Housing Element vacant land policies into the City's decision making processes; especially zoning and general plan decisions.
11. Program: Condominium Conversion Ordinance
Status: Existing Program
Objective: Provide opportunity for affordable homeownership without disrupting the City's supply of rental housing or disregarding the rights of tenants (number unknown).
Responsible Agency: Placentia Department of Development Services
Source of Funds: Department of Development Services Budget (staff time)
Schedule: Ongoing
Specific Actions Required: Review all applications for condominium conversion to insure compliance with the City's conversion ordinance.
12. Program: Second Units
Status: Proposed Program
Objective: Provide opportunity for additional housing units by allowing construction on existing developed lots.
Responsible Agency: Placentia Department of Development Services
Source of Funds: Department of Development Services Budget (staff time)
Schedule: 1984-1985
Special Action Required: Prepare ordinance to permit proposed use.

13. Program: Senior Citizen Housing

Status: Existing Program

Objective: Increase housing opportunities for senior citizens.

Responsible Agency: Placentia Department of Development Services

Source of Funds: Department of Development Services Budget (staff time)

Schedule: Ongoing

Specific Action Required: Encourage Department of Human Services "Shared Housing" program; redefine and/or add to ordinance "retirement home" to expand opportunities.

SECTION V: STATEMENT ON PUBLIC
PARTICIPATION

V. STATEMENT ON PUBLIC PARTICIPATION

As part of the program for the development of the Housing Element, a series of workshops were held with the 16-member Housing Advisory Committee. The Housing Advisory Committee was appointed by the City Council to represent a broad range of community interests. At the Committee meetings, preliminary housing reports were presented for review and discussion by the committee, staff, consultant and citizens. Each meeting or series of meetings emphasized different segments of housing, e.g., housing needs, housing constraints, housing goals and policies and alternative housing programs. The Committee reviewed suggested policies and indicated the programs it believed relevant to Placentia's housing setting and needs.

All meetings were noticed as public hearings in the local newspapers and circulars.

SECTION VI. STATEMENT ON
INTERGOVERNMENTAL AND
INTERAGENCY COORDINATION

VI. STATEMENT ON INTERGOVERNMENTAL AND INTERAGENCY COORDINATION

Section 65580(e) of the Government Code states:

"The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs."

In addition, in Section 65581(d), the intent of the Legislature was:

"To ensure that each local government cooperates with other local governments in order to address regional housing needs."

The following describes the current and future intergovernmental coordination efforts which have a bearing on the Housing Element:

- The Regional Allocation Model of the Southern California Association of Governments (SCAG) was analyzed during the course of identifying the City's housing needs.
- SCAG's regional housing goals were reviewed and documented to serve as background data on the setting of local housing goals.
- As background information on the setting of local goals, the Federal housing element goals were reviewed and documented in the Goals and Policies section.
- With respect to future intergovernmental efforts, it is recommended that the Housing Element be transmitted to contiguous municipalities after it is officially adopted by the City Council and that the updating of the Housing Element be accomplished consistent with the guidelines which are in force at the time of the revisions.

Insofar as interagency coordination is concerned, the Placentia Housing Assistance Plan has been prepared pursuant to the instructions contained in Article 10.6 of the Government Code. The City will be transmitting copies of the

preliminary Housing Element to the State Department of Housing and Community Development for its review. HCD's comments will be incorporated into the Housing Element where feasible.

SECTION VII: STATEMENT ON THE
RELATIONSHIP OF THE HOUSING
ELEMENT TO OTHER ELEMENTS
OF THE GENERAL PLAN .

VII. STATEMENT ON THE RELATIONSHIP OF THE HOUSING ELEMENT TO OTHER ELEMENTS OF THE GENERAL PLAN

The several elements of the Placentia General Plan are intended, to varying degrees, to be related and interdependent. Together they provide the action and policy framework to direct the development needed to serve people and their activities within a given geographical and jurisdictional location. Section 65300.5 of the California Government Code requires that the various elements of the General Plan be internally consistent with one another. The code section specifically states the following:

"Internal consistency among general plan elements is required. Section 65300.5 of the Government Code states that the general plan shall comprise an integrated, internally consistent set of policies. This applies not only to the mandated elements but to the optional elements as well. (The mandated elements are land use, housing, circulation, noise, conservation, open space, seismic safety, scenic highways and safety. Optional elements include community design, redevelopment and historic preservation.) Where a locality undertakes revision of any of its general plan, it should also examine the other elements (especially those elements most directly related) to assure they are consistent. (Empahsis added).

This section of the Housing Element reviews and examines the relationship of the Housing Element with the other elements of the General Plan.

- Land Use. The Housing Element is most directly related to the Land Use Element, which establishes the development patterns and trends of the community. The Land Use Element determines the limitations on the number, type and location of housing units constructed within the City. The Housing Element was prepared within the framework established by the goals and objectives of the Land Use Element and is generally consistent with them.
- Circulation. The Circulation Element directs the development of an integrated system of streets to carry the flow of traffic generated by the various land uses, primarily residential. Since the Housing

Element does not establish any large new housing developments, there are no inconsistencies between these two elements.

- Open Space/Conservation. Various policies contained in the Open Space/Conservation Element recommend the preservation and protection of the City's natural environment through the conservation of significant open space areas and acquisition of land for recreation and parks. These policies affect both the amount of land available for housing by designating permanent open space areas and the cost of housing by requiring land dedication and/or development fees for the acquisition and maintenance of public open space areas.
- Noise. The Housing Element does not propose or direct the establishment of any major residential developments. The policies contained in the Housing Element call for some development and the preservation of the existing housing stock. Therefore, there will probably be some inconsistencies between the Housing Element and Noise Element, due to the prior existence of conflicts between noise generators and adjacent residences. The utilization of the Building Code as recommended in the Noise Element would provide mitigating protection for new residences.
- Seismic Safety and Safety. The Seismic Safety Element described the geological and structural hazards inherent in the land make-up. The Safety Element indicates appropriate actions in response to the seismic conditions and public safety condition found to be existing. Both elements recommend policies to guide the development of residences in the community. The Housing Element does not suggest any recommendations or policies which are inconsistent with the two safety elements.

- Social. The Social Element describes the social services and assesses the social needs of the residents in the City of Placentia. There is a high degree of interrelation between the Social Element and the Housing Element due to the relation between social and housing needs. Review of both elements at time of either's revision is recommended to maintain consistency.

SECTION VIII: HOUSING ELEMENT REVIEW
AND UPDATE PROCESS

VIII. HOUSING ELEMENT REVIEW AND UPDATE PROCESS

Section 65588 of Article 10.6 of the Government Code requires that:

"(a) Each local government shall review its housing element as frequently as appropriate to evaluate all of the following:

- (1) The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the State housing goal.*
- (2) The effectiveness of the housing element in attainment of the community's housing goals and objectives.*
- (3) The progress of the City, County, or City and County in implementation of the housing element.*

(b) The housing element shall be revised as appropriate, but not less than every five years, to reflect the results of this periodic review, except that the first such revision shall be accomplished by July 1, 1984."

The present revision has been based on these guidelines.

DATA COLLECTION AND ASSEMBLY

Localities usually have housing-related data due to building and other activity records. In addition, assessor's data pertaining to ownership, value and other factors can be made available to cities. The following describes the housing data items that can be collected and assembled by the City of Placentia since it is either recorded by the City or can be made available to it.

- *Building Permit Data.* This data, particularly that related to completions, can provide an accurate picture of Placentia's housing inventory. Information is available on the number and type of housing units to be completed. This data then can be combined with other information such as census and special survey data to maintain a current count of the housing stock by type (e.g., single family, duplex) and location within the City (e.g., census tract, block, etc.).

- *Demolition Permit Data.* Demolitions represent losses from the housing inventory. Such losses, however, are not likely to be extensive in the community. Nonetheless, this data should be collected and assembled periodically so that the City can monitor inventory changes resulting from both new construction and demolition.
- *Remodeling Data.* The City records data pertaining to improvements to the housing stock, particularly on remodeling efforts encompassing improvements such as bedroom additions. Information of this kind can help the City understand the strength and vitality of individual neighborhoods.
- *Orange County Assessor's Data.* This data can provide the City with the tenure status of the housing stock. The number and type of dwellings that are absentee-owned can be ascertained from this data. In addition, the data are helpful in terms of monitoring changes in the value of the housing inventory.
- *HUD/FHA Postal Vacancy Data.* This information can assist the City in its quantification of the vacant housing stock. The postal vacancy surveys cover dwelling units in residences, apartments and mobile homes; however, it does not cover boarded-up residences or apartments that are not intended for occupancy. (A residence is one possible stop with one possible delivery on a carrier's route; an apartment is one possible stop with more than one possible delivery.) One potential drawback of this data is that the mail survey district does not necessarily coincide with Placentia's municipal boundaries. However, the data is still useful as a general indicator of vacancy trends that affect the City.
- *Housing Condition Survey Data.* This data (HAP and Urban Projects Housing Survey) provides the City with benchmark data on the inventory and quality of the community's housing stock. Moreover, the information is categorized by neighborhood, thereby allowing a flexible means of recording the data by location. Data are available on unit types (e.g., single-family duplex, etc.) and on substandard conditions affecting the dwelling and yard area.

- *Sales/Rental Price Data.* A number of sources publish data on the sales of homes in Placentia. One such source is the Society of Real Estate Appraisers - Comparable Sales Reports. These reports contain the following data on homes sold: street address, sales price, number of bedrooms, lot size and type of financing. Other sources, such as Realtor Boards, also publish home sales data. This data is especially helpful in noting changing trends at the neighborhood level. Rental information may also be obtained from several sources including local rental agents, classified ads and the Orange County Housing Authority.
- *Population and Housing Census Data.* An extensive amount of data on Placentia's population and housing characteristics are available from the 1980 Federal Census and the 1976 Special Census. Much of this data already has been collected and assembled and is contained in Section II. The census information primarily serves as benchmark data that indicates the City's characteristics at one point in time. With the aid of building permit data and other information the City can monitor, in the future, changes to a variety of population and housing characteristics.

DATA ANALYSIS AND UTILIZATION

This section describes how the foregoing eight sets of data can be analyzed and utilized by the City. It is suggested that the analysis and utilization of the data should serve three broad purposes: to ascertain the extent of goals/objectives achievement; to conduct program evaluation; and to provide a data base for the periodic updating of the Housing Element. These are discussed in greater detail below.

Goals and Policies Achievement

The aim of this data analysis and utilization is to check on the progress that is made toward achieving the goals and objectives as set forth in the Housing Element. The Housing Element contains goals and objectives for five subject areas which relate to preserving housing and neighborhoods, preserving affordability, planning for adequate sites, accessibility and adequate provision.

Preserving Housing and Neighborhoods

The goals and policies in this area stressed the absence of substandard housing as well as the preservation/maintenance/upkeep of existing residential property in the City. As a part of the update/review process and the housing information system, data would be analyzed and utilized to monitor the extent and type of housing improvements that have been accomplished through either City programs or on the initiative of the property owner.

In order to check the progress on goals/objectives achievement, four sets of data would be necessary. These would pertain to demolitions, remodeling, housing quality and preservation/rehabilitation program results. The housing quality surveys have identified the number, type and location of dwellings which have substandard condition(s) and those which are in need of improvement to correct minor deficiencies. Because the location of these units is known, it will be possible in the future to determine how many have either eliminated substandard conditions and/or achieved improvements. The demolition permit data will indicate a reduction of substandard conditions by way of the removal of dwellings from the inventory.

The remodeling data will indicate some of those dwellings which have had improvements. Remodeled dwellings can be divided into two groups: units which the survey indicated were in need of improvements and then those which were evaluated as being in standard condition. (The remodeled housing units can be further distinguished by whether or not they were a part of the City's preservation and rehabilitation programs.) Finally, the location of the units which are a part of the City's preservation/rehabilitation programs can be compared to the quality survey results to determine if improvements have been made to the dwellings which were considered to have substandard conditions and/or in need of housing improvements.

Preserving Affordability

The goals and policies relating to affordability emphasize maintenance of lower cost housing, the construction of HUD housing units for low-income families and the conversion of apartments into moderate cost home ownership dwellings. The achievement of these policies can be best measured by comparing the number of households in need of low-income housing and the number of affordable units available. This may be accomplished by compilation of data from several sources. The best source of data on the number of low-income families is the 1980 Federal Census. When combined with rental/sales data and tax assessors data, both which will indicate the number and price range of units available, the end results should produce the desired information.

Adequate Housing Sites

Three factors will need to be monitored in order to assess the degree to which the goals and objectives are achieved. These are: number, type and location of newly constructed housing in Placentia.

Number/Type/Location. Primarily through buildings permits, the City can assess the characteristics of incremental additions to the City's housing supply. These characteristics can then be compared to the goals and objectives relating to the number of new dwellings that should be allowed, the distribution of types (i.e., single-family, multi-family) and their location. In addition, this information can be combined with other data to determine whether the characteristics of the community's entire housing stock are consistent with those goals and objectives.

Accessibility

The City of Placentia has adopted a condominium conversion ordinance and now it is the City's responsibility to monitor conversion activities for compliance. The HUD/FHA Postal Vacancy surveys will be most useful for establishing the vacancy rates and to indicate whether or not the renter-

occupied stock is being seriously depleted. If such a trend is indicated, the City would need to halt further conversions until the rental housing stock is replenished.

The major indicators of housing accessibility in Placentia for minority households, elderly households, handicapped households, etc., will be the Orange County Housing Authority, The Orange County Fair Housing Council and the 1980 Federal Census. Through applications received from Placentia residents, the OCHA should be able to show which groups, if any, are not having their needs met. Additionally, the OCFHC will be receiving and monitoring complaints due to discrimination and/or landlord-tenant conflicts. This data will allow the City to determine the magnitude of the City's accessibility problems and develop adequate responses. The U.S. Census in 1980 will also show the number and limitation of various community segments from which the City may calculate needs.

Adequate Provision

The goals/policies in this area stated that the meeting of low- and moderate-income needs should be achieved through both new and existing housing. Program data as well as sample survey of the prices/rent of new housing can assist in assessing the achievement of the recommended goals and objectives. Periodically, perhaps on a yearly basis, the City should determine the distribution of the sales prices and rents of newly developed units. For instance, a finding can be made on the percentage of units that fall into various price or rent categories to ascertain the relative dispersal or concentration of new housing costs. In addition, sales data on existing units can be analyzed for the purpose of determining whether the existing stock is able to meet the needs of the City's low- and moderate-income population. This could be accomplished by determining the housing costs that could be afforded the City's population and comparing to the prices of recently sold homes. Finally, the results of the housing assistance and rehabilitation programs can be analyzed so that the City can make a finding on the number and type of low- and moderate-income households that have been assisted.

Housing Element Updating

Another aspect of data analysis and utilization is to provide a data base for the periodic updating of the Housing Element. With respect to updating it is recommended that the City should prepare an "Annual Housing Statement." This statement would be based on the data that is assembled and collected on a regular basis as well as the analysis conducted for assessing goals/objectives achievement and evaluating selected programs. Consequently, the "Annual Housing Statement" would consist of three basic parts:

- Housing Trends and Conditions
- Goals/Objectives Achievement
- Program Evaluation.

This statement could then be transmitted to the Planning Commission and the City Council. The information contained in the Annual Housing Statement can be used by these bodies to accomplish the following:

- Analyze the housing needs of the community
- Understand the current status of conditions in the community
- Review the progress toward achieving the goals and objectives
- Review the effectiveness of the programs contained in the Housing Element
- Identify programs which will be either continued or discontinued
- Identify new programs that could better meet the community's housing needs
- Assess the continued adequacy of the Housing Element in order to make a determination of whether it should be updated

DATA REPORT

CITY OF PLACENTIA

HOUSING DATA REPORT

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I. INTRODUCTION

The City of Placentia Housing Element consists of two parts:
the Housing Element and the Housing Data Report.

Part I - the Housing Element, is the principle document and contains the basic components required of a housing element including the identified housing needs of the community, established goals and policies and the Citys' comprehensive housing program.

Part II - The Housing Data Report, is a technical support document which contains community demographic data, supplemental information on related policies, and a synopsis of alternative programs.

The Housing Data Report is presented separately so that the City can update the demographics and review changes in housing programs without the need to amend the actual Housing Element itself. Only when demographic and/or program changes are significant should the City initiate an amendment to the Housing Element.



SECTION II: COMMUNITY DEMOGRAPHICS

II. COMMUNITY DEMOGRAPHICS

This data documentation identifies the housing needs and potential housing trends of the City of Placentia. Once these needs have been identified and examined, the City can begin the appropriate actions to alleviate or eliminate them. Likewise, once identified the City can plan for actions necessitated by various housing trends.

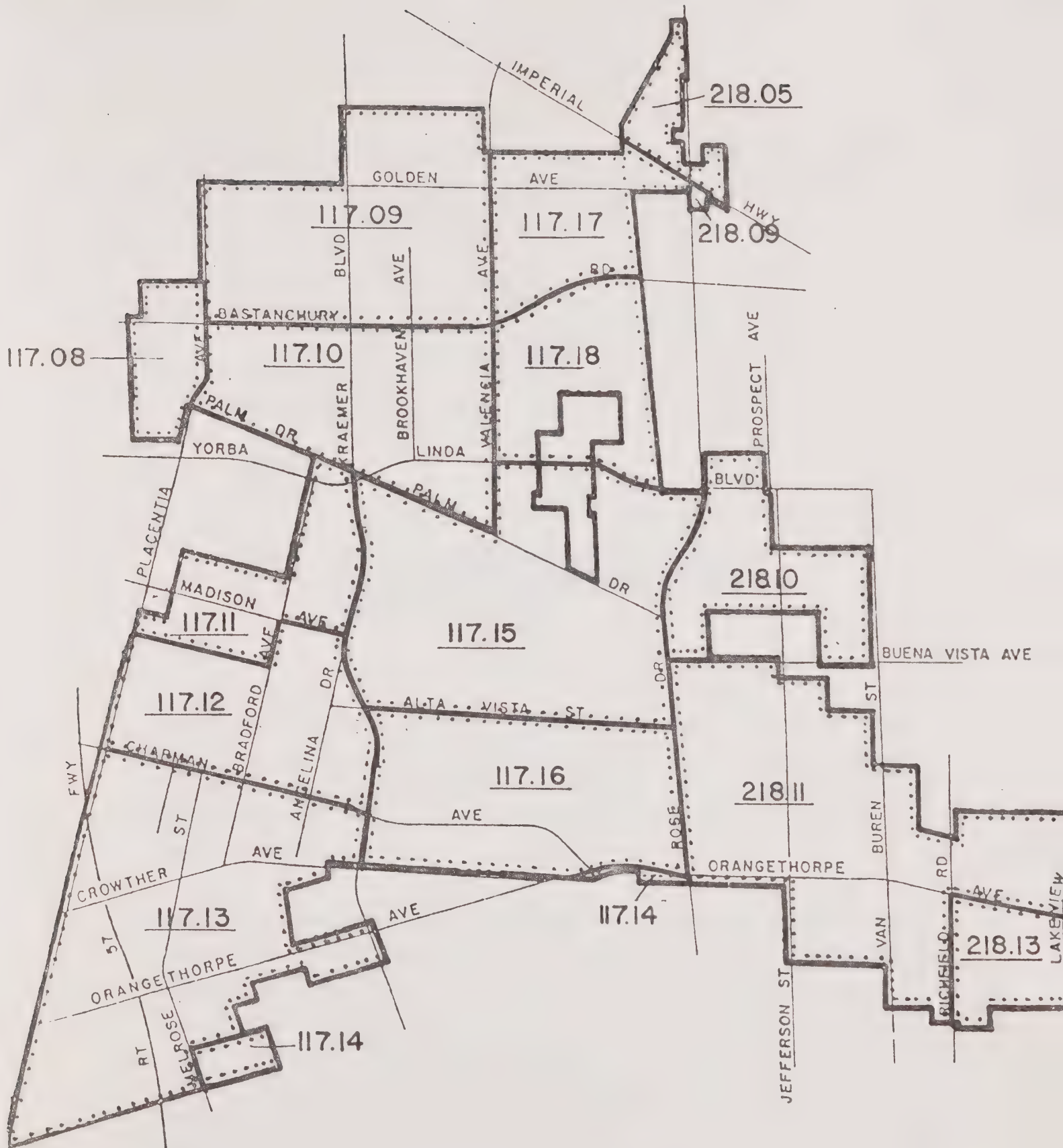
In particular, four characteristics have an extensive influence on the quantity and quality of housing units within any geographical area: population, household, housing stock and housing market. These four characteristics of housing include within their composition, the number of persons and households residing in the City, age of the population, ethnicity, household size, mobility of the household, income levels and amount paid for housing, overcrowding, age of housing units, tenure and availability of land for future residential development. It is the interplay of these characteristics which determine the type of residential community that Placentia is or may become.

Where appropriate or available, the data is presented by one of two classifications:

1. The entire City of Placentia.
2. The regional housing market area of which Placentia is a sub-area.

A. POPULATION CHARACTERISTICS

The City's housing population is comprised of two groups: households and group quarter occupants. The household population is that segment of the community which is most normally thought of, i.e., those persons who reside in individual households. The group quarter population consists of those persons (5 or more) who reside with but are unrelated



CENSUS TRACTS

1980

to the head of the dwelling unit. Common group quarters can include foster homes, senior citizen or convalescent homes, dormitories, military quarters, or convents.

TABLE 1

HOUSEHOLD AND GROUP QUARTER POPULATION: CITY OF PLACENTIA		
Household	Group Quarter	Total
37,175	144	37,319

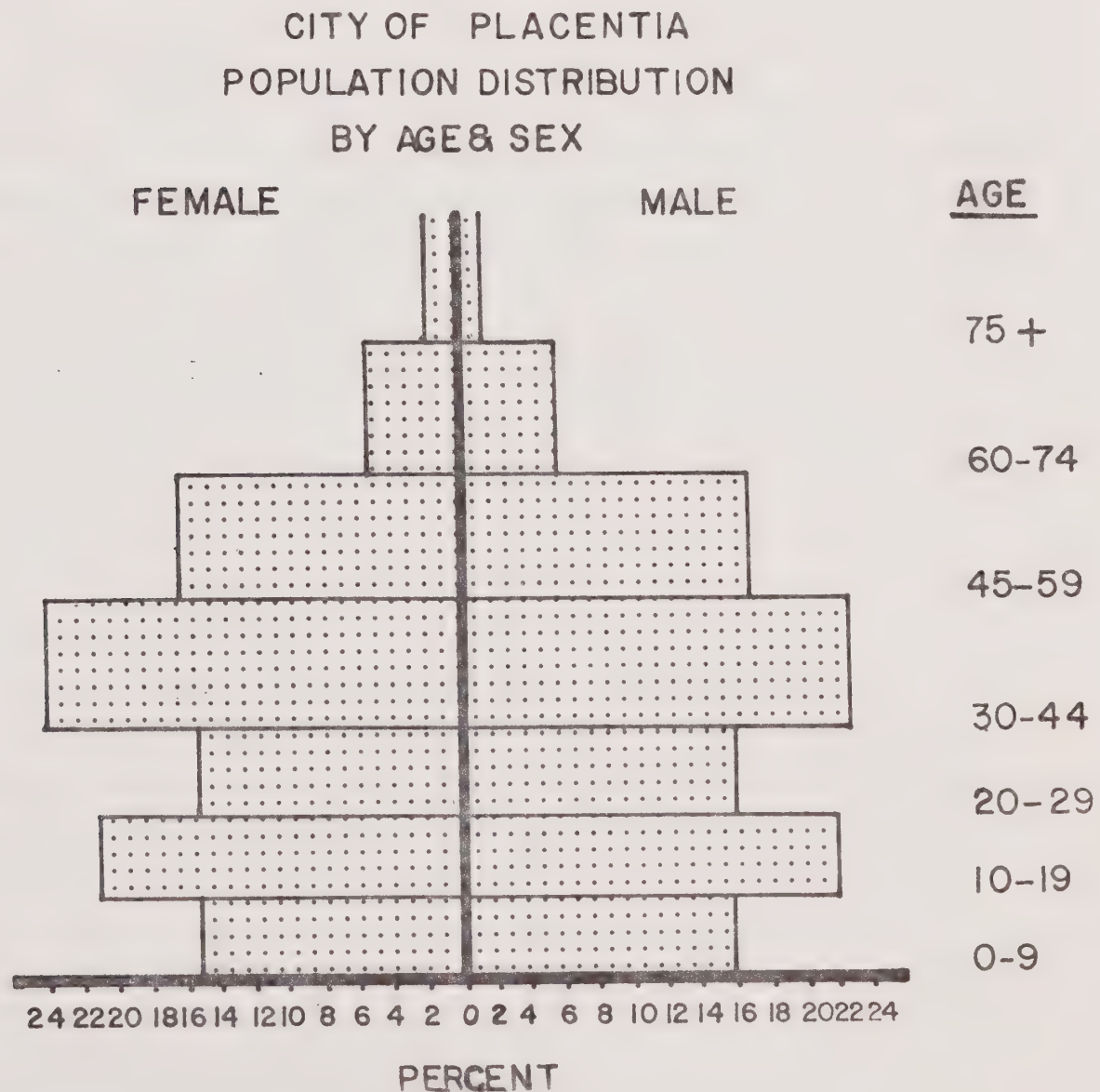
SOURCE: California State Department of Finance,
Controlled County Population Estimate,
Orange, January, 1984.

The number of persons residing in group quarters, as shown, in Placentia is relatively insignificant (0.4%) in relation to the City's household population (99.6%). Since the household population is the dominant housing force in the City all further discussion will include only the household population.

The City of Placentia experienced rapid population growth along with the rest of Orange County during the 1960's and early 70's. Between 1960 and 1970, the City increased 564 percent to a total population of 22,000. During the period between the U.S. Census in 1970 and the 1976 Special Census the City's population grew to 31,281, an additional 42 percent. Since 1976, the City has continued to grow, although at a slower rate; as of January 1984 the population of Placentia was estimated to be 37,319.

Age

In 1980 the City of Placentia had a relatively young population with a median age of 28 years. This was primarily due to Placentia's large younger dependent population, i.e., those under nineteen years of age (34.9%), and the City's relatively small older dependent population, i.e., those over sixty years of age (7.5%).



SOURCE: 1980 Federal Census

In comparison to County-wide figures, Placentia had both a smaller percentage of residents in the 60 years-of-age and over categories, and a larger percentage of its population under 19 years-of-age than does the County.

The high percentage of persons below the age of nineteen indicates that in the immediate and near future, a considerable number of current Placentia residents will be joining the first-time housing market.

Ethnicity

The City of Placentia has been and is a predominantly white or caucasian community. The 1970 U.S. Census indicated that 96.7 percent of the City's population classified itself as "white," with 16.9 percent of these persons classifying themselves as Spanish-American (or Hispanic). In 1976, 81.4 percent of the heads of households (which can be assumed to be representative of the City's population) were categorized as non-minority white, while 13.7 percent classified themselves as being Hispanic. In the 1980 Census 85.4% of the population classified themselves as white and 20.3% classified themselves as Hispanic. Asians are the next largest minority in Placentia with 4.0%, followed by Blacks with 1.1% and American-Indians with 0.6%.

B. HOUSEHOLD CHARACTERISTICS

It is estimated that as of January 1, 1984, 12,112 dwelling units in the City contained the total population of 37,319. In 1980, the majority of households lived in single-family dwellings (80.8%) while the remaining households occupied multi-family dwellings (16.7%) and mobile homes (2.5%).

Household Size

The average household size for Placentia is higher than the County-wide average, 3.19 versus 2.75 persons per household respectively according to the 1984 State population estimate. This is despite the City's declining household size over the past decade: 3.90 persons per household in 1970, 3.44 persons per household in 1976 and 3.24 in 1980.

The density of household (persons per household) was highest for single-family dwellings (3.5 pph) in 1980 and lowest for mobile homes (1.8 pph). Households residing in multi-family units are nearly one person below the City average with 2.6 persons per household.

C. HOUSING CHARACTERISTICS

The number of housing units as well as distribution by structural type are key indicators in the current status of the housing market. Information on housing stock by type indicates the diversity of the housing market within the City. Moreover, the number and distribution of housing units can be compared to previous benchmark statistics to reveal the City's growth and to show shifts in locational emphasis and housing preferences.

The number and diversity of housing stock by type within Placentia for the last decade can be seen below. Single-family homes continue to be the predominant housing type even though the percentage has dropped since 1970 (from 84.6 percent to 72.5 percent in 1983). While numerically fewer, both multi-family units and mobile homes had far greater percentage increases, 314% and 127% respectively, between 1970 and 1983, than did single-family dwellings, 76.8%.

TABLE 3

HOUSING STOCK BY TYPE BY YEAR								
Number					Percentage			
Year	SF	MF	MH	Total	SF	MF	MH	Total
70	4988	686	223	5897	84.6	11.6	3.8	100.0
76	7468	1599	448	9515	78.5	16.7	4.8	100.0
80	8324	2563	492	11379	73.2	22.5	4.3	100.0
84	8848	2770	494	12112	73.0	22.9	4.1	100.0

SOURCE: California State Department of Finance, 1976 Special Census, Placentia, California
 U.S. Bureau of Census, 1970 & 1980 U.S. Census
 California State Department of Finance, Controlled County Population Estimates, Orange, January, 1984.

Tenure

Tenure denotes the type of housing occupancy, i.e. owner or renter, and is one factor in the supply/demand characteristics of the housing market. The tenure distribution can influence mobility within the existing stock as well as generate demand for the construction of a particular housing type. The 1980 Census data indicates that approximately 73% of Placentia's occupied housing is owner-occupied while approximately 27% is renter-occupied. This ratio of 2.7 owners to 1 renter is higher than the Orange County ratio of 1.5 to 1.

Vacancy

Vacancy refers to those housing units which have not yet been absorbed (sold or rented) by the market. The vacancy rate indicates whether there is a sufficient number of housing units available to accommodate the housing needs of the community.

It is desirable to have a vacancy rate that balances the economic and social interest of the community. If vacancy rates are so high that the owner cannot afford to maintain his property, the condition of the the housing stock is adversely affected. If vacancy rates are too low, the price of housing is artificially and unnecessarily increased and housing choice is diminished. Such has been the case in California for the past several years and for the foreseeable future.

In California, a rental vacancy rate of 6.0 percent approximates the number of moves made by renters in between one and two months. In for-sale housing a vacancy rate of 2.0 percent approximates the number of moves by owners in between one and two months. The "ideal" vacancy rate for Placentia is determined by multiplying the homeowner percentage (73 percent) by 2.0 percent and the renter percentage (23 percent) by 6.0 percent and adding the products. Therefore:

$$(.73 \times .02) + (.23 \times .06) = \\ 0.0146 + 0.0138 = 0.0284 \text{ or } 2.8\%$$

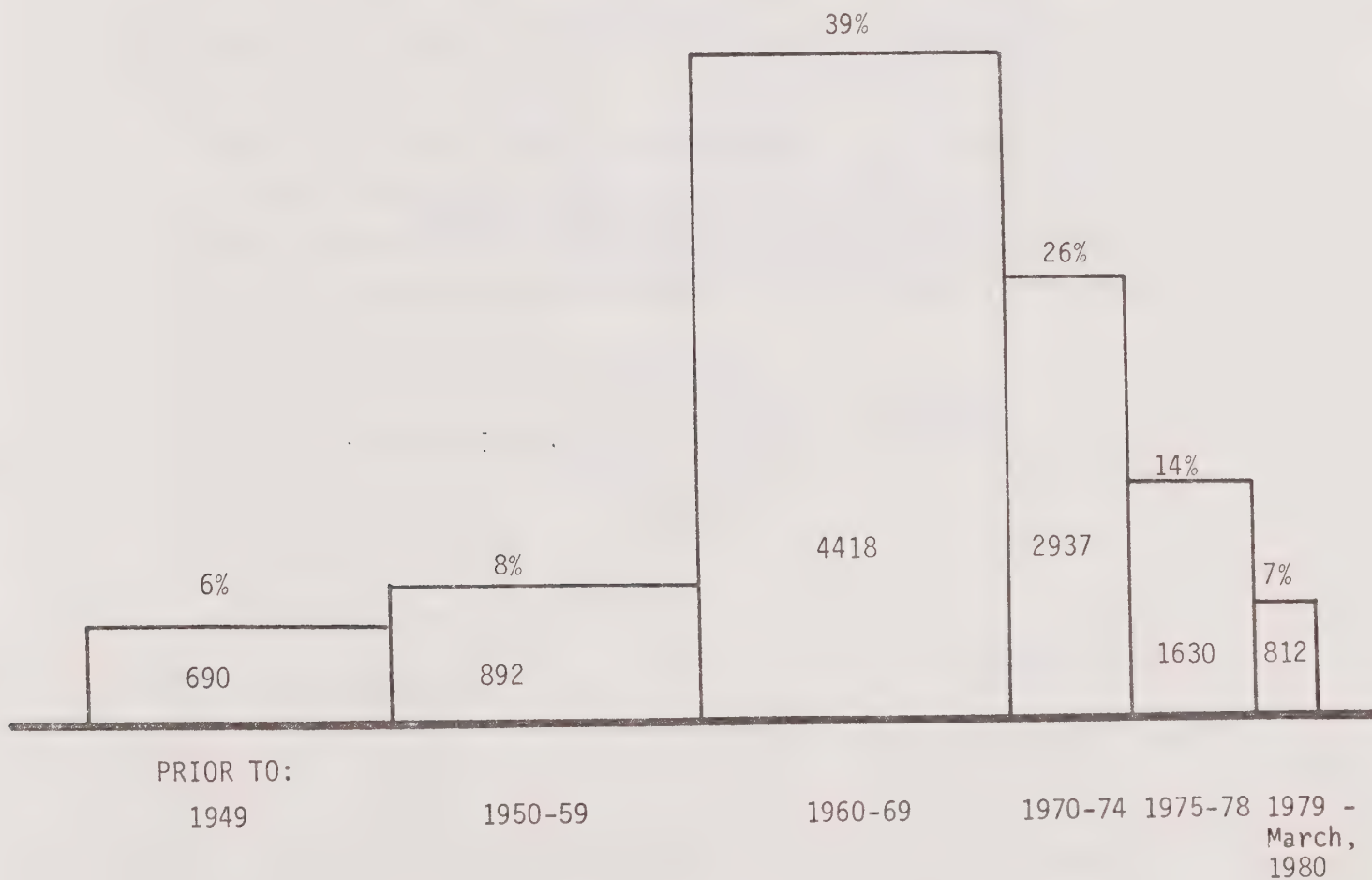
According to housing estimates by the Department of Finance, the City of Placentia had a vacancy rate of 3.91 percent in January, 1984. This would indicate that the City's overall housing demand and supply is in approximate balance. In looking at some of the City's other housing characteristics, however, it appears that there is probably an under supply of certain cost and size units within the City.

Age Characteristics of Structure

The vast majority of Placentia's housing units are relatively new. Of the estimated 11,249 housing units in Placentia as of January, 1980, approximately 89% were built after 1960.

TABLE 4

AGE OF HOUSING STOCK: CITY OF PLACENTIA



SOURCE: U.S. Department of Commerce, Bureau of the Census, 1970.
California State Department of Finance, 1976 Special Census,
Placentia
Census - 1980

Housing Costs

Both the monthly cost of rental housing and the sales price of new and resale housing indicates the affordability of the community. Information from new housing tracts and the North Orange County Board of Realtors shows the following:

- The price range of new, detached, single-family homes was \$150,000 to over \$200,000 with the majority of units available in the \$175,000 - 200,000 range.
- The price range for new, attached units (townhouse and condominium) was lower, \$75,000 - 200,000.
- Resale housing, both detached and attached, ranged from under \$75,000 to over \$200,000, however, only approximately 3% was available in the under \$75,000 category. An additional 19% was available in the \$75,000 - 100,000 price range.

TABLE 5
PERCENTAGE OF HOUSING UNITS WITHIN SALES
PRICE CATEGORY
(1984)

<u>Price Range</u>	<u>Percentage</u>	
	<u>New</u>	<u>Resale</u>
Under 75,000	0	2.7
75,000 - 100,000	2.3	18.7
100,000 - 125,000	9.2	11.9
125,000 - 150,000	17.2	28.8
150,000 - 175,000	17.2	19.2
175,000 - 200,00	49.4	10.5
200,000 +	<u>4.6</u>	<u>8.2</u>
	100.0	100.0

The Orange County Housing Authority reviews and evaluates the monthly rental payments of units in Orange County to establish the fair-market rates; these being the average rents charged for apartments and/or single-family homes. Then OCHA utilizes these fair-market rates to establish "ceiling" (the highest) rents for subsidized rental units. The following table indicates the rental price "ceiling" in Placentia according to the size of the units:

TABLE 6

MONTHLY RENTAL PAYMENTS BY UNITS SIZE CITY OF PLACENTIA	
Unit Size	Rental
0 (Studio) :	\$346
1 Bedroom	421
2 Bedroom	492
3 Bedroom	671
4 + Bedroom	737

SOURCE: Orange County Housing Authority,
November 2, 1983

By contrast, rents on new units range from \$450 - 530 for one bedroom and \$540 - 650 for two bedroom apartments.

Substandard Housing Units

In 1978 and 1979, Urban Projects, Inc. and SCAG respectively estimated the numbers and locations of substandard and dilapidated houses. The majority of these units were located in the neighborhoods of Atwood, La Jolla and Santa Fe.

These three neighborhoods are Placentia's "target" areas for CDBG funds and since 1978, approximately \$611,500 in loans has been made to rehabilitate 59 homes in these areas. In addition 216 homeowners received free exterior paint in an effort to preserve and upgrade existing units.

Orange County has concentrated its infill program for Placentia in these areas and one new house is replacing an existing substandard structure.

The City has also developed a "spot rehab" program which provides 3% loans for housing rehabilitation to any low income homeowner regardless of where the house is located. To date these loans total over \$71,000 for 9 houses.

D. HOUSING MARKET CHARACTERISTICS

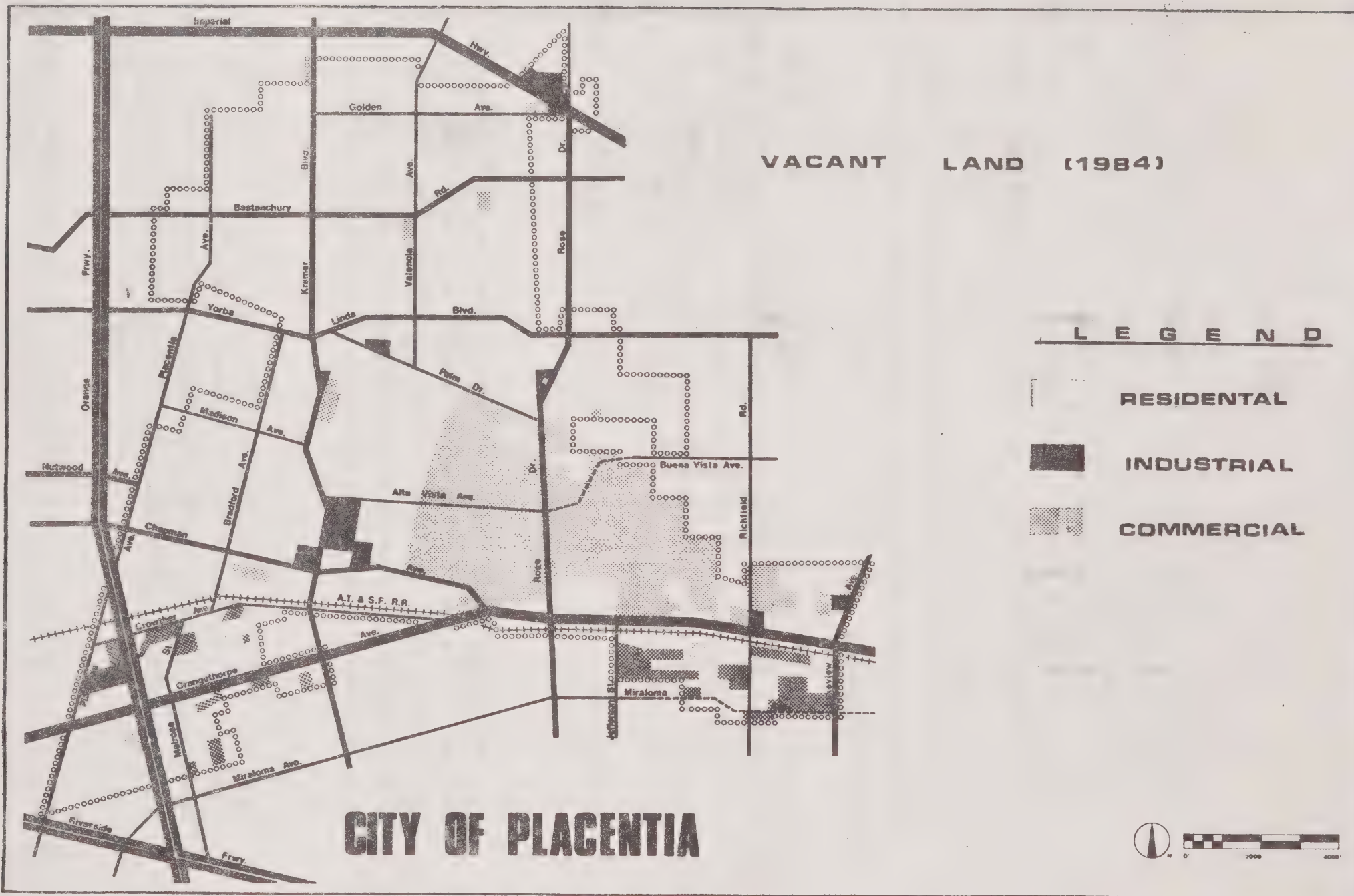
Land Availability

The most significant limitation on the development of new housing within any city is the availability of vacant residential land. Placentia contains approximately 4232 acres of land of which approximately 3515 are developed, leaving about 717 acres or 17% vacant. These vacant sites are predominantly zoned residential (74 percent or 528 acres), ranging from low density (4.5 units per acre) to high density (25 units per acre). The location and type of land use of the vacant properties are indicated on the following table and map.

TABLE 9

VACANT LAND SUMMARY by ZONING	
Zone	Acreage
R-1	194.6
R-2	1.3
R-G	5.4
R-3	40.2
RPC	217.4
PUD-1	45.3
PUD-3	24.1
C-0	14.0
C-1	4.4
C-2	29.6
TC	19.1
C-M	3.2
M	118.8
Total Acreage:	717.4

Source: Planning Department, 1984



For the purposes of this survey "vacant" was defined as land having no or only minimal permanent physical improvements or exceptionally light intensity of use. Therefore, some parcels identified as vacant may have some existing use, i.e., storage lots, mobile structures, one residence on lot significantly larger than adjacent parcels.

Much of the available vacant residential land has existing developmental constraints such as oil wells and accessory equipment. Although some of these may be removed prior to development, some will probably remain and the developer will be faced, therefore, with incorporating these constraints into the development thus preventing property from developing to maximum capacity.

Housing Constraints

There are many private and public constraints which restrict housing opportunities by affecting both the number of units constructed and the selling price. Some of the market or private factors are beyond the control of local government while others are a direct result of local policies and programs.

● Market Constraints

Many factors determine the selling price of market-rate housing including the price of land, construction costs, cost of improvements, financing and the developer's profit.

-- Land and Improvement Costs: The most significant component of today's high sales price of homes in Orange County is the cost of raw, unimproved land. A developer typically looks for land that will not be more than 15-20% of the final sales price, however, this is often exceeded on particular parcels. In Placentia, residential land costs are approximately \$5.00 - \$6.00 a square foot or over \$200,000 an acre.

Land improvements include streets, curbs, gutters, sidewalks, landscaping, street lighting, utilities (water, sewer, electrical, telephone, Cable TV) and storm drain. These improvements are estimated to be approximately \$17,000 - \$18,000 per unit for a single-family detached development and \$8,000 - \$10,000 per unit for a townhouse project.

--Construction Costs: Direct construction costs today average \$32 - \$33 per square foot. Thus, for a 2000 square foot house, the cost of construction would be approximately \$64,000 - \$66,000.

--Financing: The cost of financing a home is carried by the home buyer both directly and indirectly. Indirectly, the homebuyer is effected by the cost to the builder of the construction loan. Such loans normally range from 1 to 2 percent over the prime lending rate. This accounts for approximately 6 to 7 percent of the final sales price of the home for most units built.

The homebuyer is also directly affected when he takes out a home loan. In 1979 the interest rates for owner-occupied dwellings had risen from the 9 to 10 percent range to approximately 11 to 12 percent. In 1980, due to federal measures to curb inflation, the interest rate jumped to the 16 to 17 percent level. Today, although interest rates are slightly lower, in the 13 to 14 percent range, most housing analysts expect them to rise.

TABLE 10

MONTHLY COSTS FOR HOUSING LOAN					
Amount Financed	10%	11%	12%	13%	14%
\$ 80,000	702	762	823	885	948
90,000	790	857	926	996	1066
100,000	878	952	1029	1106	1185
110,000	965	1048	1132	1217	1303
120,000	1053	1143	1234	1327	1422

--Profit: These costs are not directly influenced or controlled by the City. However, they are normally calculated on a percentage basis. Therefore, implementation of production cost reductions will also cause a lower dollar cost attributable to raw profit.

The amount and percent of raw profit is subject to variation. In the case of single-family, detached housing, it has been found that profits range from 10 to 15 percent. For townhouse and condominium units, the profits may range from 8 to 10 percent. However, profits can exceed these levels particularly when economic conditions create a "seller's" market. During such times when demand is exceedingly high, profits may exceed 20 percent, although the "standard" profit currently is about 15 percent.

- Governmental Constraints

While governmental constraints may be created from Federal, State and local actions, the intent of the Housing Element is to deal with these constraints which local governments can most directly control. The City of Placentia affects the development of housing through its zoning code, building code, fees and environmental assessment procedures.

- Land Use and Development Controls: The Placentia Zoning Ordinance and General Plan provides the basis for guiding future residential development in the City. The zoning ordinance provides for a full range of residential types (single-family detached, townhouse and condominiums, duplexes, light, medium and heavy multiple family and planned unit developments) and densities (2 dwelling units per acre up to 25 dwelling units per acre).
- Local Permit Process: A number of steps are required in the approval of any specific project which include development and plan review by the staff and Planning Commission. These processing steps are often described by developers as causing unnecessary delays which increase the cost of housing. Delays in the development process can contribute significant additional costs to the price of a new home. In Methods of Reducing Housing Costs, prepared by the Orange County Cost of Housing Committee, it is estimated that the final sales price can increase by approximately 1 to 1.5 percent for each month of delay due to the rate of inflation in both construction materials and wages. As shown by Table 12, it is not an undue problem in the case of Placentia. Currently, the City's processing time for development approvals is relatively short. No significant time savings would be achieved by incorporating any "short-cuts" as the City utilizes a "one-stop" counter for permits. The City's permit process includes the assessment of any environmental impacts by potential projects, as is mandated by state law under the California Environmental Quality Act (CEQA).

Permit and inspection fees are charged by the City to cover the cost of permit processing, inspections, environmental assessments and to assist in the delivery of vital services such as water, sewers, storm drains and street lighting.

- On and Off-Site Improvements: As a fairly well developed urban community, the majority of on and off-site improvements, i.e. street, lighting, sewers, curbs and gutters and sidewalks, are existing. The

predominant exceptions are in the older sections of the City in which such improvements were not required at development or are now substandard and the undeveloped southeastern portion of the City. However, through EDA and CDBG grants, over \$450,000 has been spent to either install new off-site improvements or repair existing ones. As with other cities, Placentia requires developers to pay for the construction of all off-site improvements as development of vacant parcels occurs.

Generally, the City development standards relating to the quality of design are fairly high, but not excessive. These considerations and the relative availability of utilities and services are significant factors in the City's contribution to the housing supply.

TABLE 11

LAND USE DISTRIBUTION CITY OF PLACENTIA		
Classification	Acres	Percentage
Low Density Residential (4.5 DU/AC Maximum)	2393.70	56.57
Medium Density Residential (10-12 DU/Ac Maximum)	410.46	9.70
High Density Residential (25 DU/AC Maximum)	253.61	5.99
Residential Planned Community (7.1 DU/AC Average)	370.82	8.76
Commercial	316.68	7.49
Industrial	445.12	10.51
Miscellaneous	41.50	0.98
TOTAL	4231.89	100.0

SOURCE: City of Placentia, Planning Division, June 1, 1984

TABLE 12

CITY OF PLACENTIA PERMIT PROCESSING SCHEDULE		
APPLICATION	PROCESSING STEPS	TOTAL TIME
Site Development Approval (S-F, Apts, Commercial/Industrial, etc.)	1 2 5	12 weeks
Planning Unit Development (Townhouses, Condos, etc.)	1 2 3 5	17 weeks
Zone Change/ General Plan Amendment	1 2 3 4	11 weeks
Tentative Tract Map	1 2 3	7 weeks
Tentative Parcel Map	1 2 3	7 weeks
Conditional Use Permit	1 2	4 weeks
Variance	1 2	4 weeks

(Includes Review by City and Developer response time)

- 1 - Formal Filing (Preliminary design discussions extend for several weeks to several months prior to formal filing)
- 2 - Planning Commission Hearing (Planning Commission approval subject to ten (10) day appeal period)
- 3 - City Council Hearing
- 4 - 2nd City Council Hearing (Ordinances take effect thirty days after final approval)
- 5- Issuance of Building Permits (Time between approval and issuance of building permits reflects city processing time and does not include design and preparation time by the applicant)

SOURCE: City of Placentia, Planning Division

--Utilization of State and Federal Programs: Communities failing to fully utilize available State and Federal programs may be indirectly restricting housing opportunity. While the avoidance of constraints related to land use controls (such as adequate provision of density types and development standards, the adequate provision of services and facilities, and a streamlined permit process) may free the private sector to provide least cost housing, it is up to the City to provide for the local administration of State and Federal programs necessary to meet the needs of households requiring special housing assistance.

The City of Placentia is involved in several programs, such as Section 8 Housing Assistance (through OCHA), CDBG improvement and rehabilitation loans. The City will continue to be involved in these programs and others.

--Article 34 Referendum: Article 34 of the California State Constitution requires that a referendum or public vote be held to approve any low cost housing projects "...developed, constructed, or acquired in any manner..." by any state public body (e.g. a city). In practical terms, Article 34 has been interpreted to mean that if a low cost housing proposal is publicly owned, or is tax exempt, or more than 49% of the units are reserved for low and moderate income families a referendum is required. If, on the other hand, a project receiving direct or indirect public financing is to be privately owned, not tax exempt and has less than 49% of its units set aside as low cost housing, no Article 34 referendum is required. Projects involving federal funds are not subject to Article 34.

In 1980, Placentia's voters approved a measure to permit "development, construction, acquisition and/or rehabilitation of low-rent housing projects within the City" provided they didn't exceed one percent (1%) of the total number of dwelling units, were for low-income, aged persons and were financed exclusively with public funds. Publicly funded housing for other than senior citizens would still require voter approval.

--Building Energy Standards for Residential Development (Title 24):

The State adopted revised Building Energy Standards for new residential development which went into effect on July 13, 1982. These establish maximum energy use levels for three types of residential development in each of sixteen climate zones set up throughout the State. Depending upon the "package" the builder chooses to meet the standards and the climate zone, the cost of compliance is an additional constraint on housing prices.

SECTION III: HOUSING GOALS & POLICIES

III. HOUSING GOALS & POLICIES

A fundamental purpose of any Housing Element is to create a framework or guide for the specific actions relating to housing that the City will implement in the future. To develop this framework, it is necessary to establish a set of housing goals, policies and priorities.

Prior to listing the recommended goals, policies and priorities, however, background data are reviewed which bear on the setting of local goals. The background data include a review of Federal, State and County Housing Element Goals (to which Placentia's Housing goals are to be consistent), and current housing related goals contained in the Placentia General Plan.

A. FEDERAL

As part of the Housing and Community Development Act of 1974 (the primary Federal implementation tool on housing), the United States Congress established the following goal and policy statement:

The primary objective of this title is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. (Italics added). Consistent with this primary objective, the Federal assistance provided in this title is for the support of community development activities which are directed toward the following specific objectives:

General Goals

- the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;
- the elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;
- the expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;
- a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;
- the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and
- the restoration and preservation of properties of special value for historic, architectural, or aesthetic reasons.

It is a Federal requirement that plans and programs created or established with the use of Federal monies must be consistent with the above goals and policies statement.

B. STATE

The State of California's legislative policy on housing declares:

The availability of housing is of vital statewide importance and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.

The Legislature's intent in enacting Article 10.6 of the Government Code was:

- To assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal.
- To assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward attainment of the state housing goal.
- To recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal, provided such determination is compatible with the state housing goal and regional housing needs
- To ensure that each local government cooperates with other local governments in order to address regional housing needs.

C. COUNTY

The County of Orange in its recently adopted Housing Element established the following broad housing goals statement:

Goal 1 Housing Demand and Community Accessibility

A choice of residential communities, within a reasonable distance of the individual's place of occupation, where the individual may develop a sense of identity and belonging, and satisfy physical, cultural, and economic needs for both existing and future residents.

Goal 2 Housing Supply and Affordability

A supply of housing that varies sufficiently in cost, design, style, tenure and type to meet the economic and social needs of every existing and future resident of the County.

Goal 3 Housing Opportunity

Housing opportunities available to all income groups in all communities without discrimination on the basis of race, religion, ethnicity, sex, age, marital status, or household composition.

Goal 4 Housing Preservation

Residential neighborhoods and housing units with adequate and coordinated public and private services and facilities, clean air, quiet and pleasant surroundings, reasonable assurances of safety and security, and a meaningful sense of community life.

Goal 5 Housing Cooperation and Coordination

County-wide and regional coordination of housing, community and economic development activities, with private sector and citizen group involvement.

The County used the goals statements above to generate a number of policies and program objectives relating to each specific goal.

D. CITY

Listed are the housing related goals and policies under which the City of Placentia currently operates its housing activities.

Land Use Element

Goals:

- Emergence of a development pattern characterized by a series of well-defined, balanced districts, communities or residential service areas oriented to a strong central core.
- Minimization of urban sprawl (development characterized by formless, noncontiguous, unaesthetic land utilization, excessive utility, service and social costs and the absence of community identity).
- Protection of those areas projected for residential development from the encroachment of incompatible or unrelated uses.
- Prevention of the spread of blight and deterioration within existing neighborhoods and communities.
- Development of communities with a range of density patterns and housing types related to existing and proposed community facilities.
- Assurance that any individual or family may be free to choose housing accommodations within his economic capacity from a range of housing varying in type, design, quality and location.
- Variety of residential site design within individual tract developments.

Socail Element

Goal 1: Determine Needs

- Objectives:
- a. Identify sections of the population needing assistance.
 - b. Identify neighborhoods in Placentia needing assistance.

IV. ALTERNATIVE HOUSING PROGRAMS

This report provides descriptions of various housing programs which could serve to aid the City of Placentia in meeting its identified housing needs. These programs are grouped into three "need" categories:

- Housing Assistance
- Housing Rehabilitation
- Housing Preservation

Each need category contains several programs whose aim is to address certain housing needs. The alternative programs which follow, however, were selected as being most relevant to the needs of Placentia and essentially to satisfy the following:

- Maximizing the number of families to be served
- Reduction of substandard dwelling units
- Reduction, where possible, of non-conforming residential units in industrial areas
- Minimizing additional staffing needs on the part of the City
- Avoiding long-term revenue commitments on the part of the City

It is anticipated that the City will select some of the programs identified and presented here, and discard the remainder. Programs selected will be subject to further detailed breakdown on how they would be implemented.

A. HOUSING ASSISTANCE

The opportunity for households to pay a reasonable amount of their income for housing is a basic housing need. Because of the need to spend a portion of their income on other consumption items, families are limited in the amount which they can reasonably contribute toward shelter. Sometimes families decide to spend more on housing and, thereby, sacrifice other necessities. As housing economist Wallace Smith has stated: "...an unduly high housing cost as a percentage of income ... may not be associated with substandardness in the dwelling and indeed can be a consequence of the family's determination to secure adequate housing."

The existence of high housing expense to income ratios is evidence that members of the community are unable to meet the basic housing need of reasonable housing expenditures. "The existence of very high ratios," Smith has stated, "should tell a community that some of its members are subsidizing the housing market by denying themselves food, medical care, or other things of which they are badly in need. This is a type of housing program which is all the worse because it cannot be seen."

Housing assistance needs are related to the basic need for reasonable housing expenditures. More specifically, it refers to the need, by some families, for financial assistance on a long-term basis so that they may reduce the amount and percentage of income that they are now or would be required to spend on shelter.

Overpaying is the usual indicator of the inability to meet the basic need of reasonable housing expenditures. Generally, it is measured on the basis of whether families must spend more than

25 percent of their monthly income on housing. An additional indicator includes overpaying by families residing in existing subsidized developments as well as the current waiting lists for these developments.

An additional characteristic which indicates the need for housing assistance is overcrowding. It is a characteristic that has shown significant decline in recent years, but still stands as a major obstacle to adequate and reasonable housing.

1. Section 235 Program -- Assistance Payments for Home Ownership

- (a) Purpose: To aid lower-income families to acquire home-ownership. (However, assistance payments may be used to assist a family owning a standard home to purchase a new home, but a family owning a home must sell its present property and may not rent that property out to another and occupy the subsidized unit.) Assistance is limited to mortgagors who purchase for occupancy new or substantially rehabilitated single-family or condominium units.
- (b) Method of Assistance: Assistance is in the form of monthly payments by HUD to the mortgagee to reduce interest costs on an insured market rate home mortgage to as low as four (4) percent if the homeowner cannot afford the mortgage payment with 20 percent of his income. This method of assistance can have a substantial impact on the monthly mortgage payment. A \$24,000 mortgage with a term of 30 years requires a monthly payment of \$193 with a nine (9) percent interest rate and \$114 with a four (4) percent interest rate.
- (c) Maturity: The mortgage must provide for complete amortization not to exceed 30 years from the date of the beginning of amortization of the mortgage.
- (d) Amount of Subsidy: The amount of subsidy will vary according to the income of each homeowner and the total amount of the mortgage payment at the market rate of interest.

- (e) Income Limits: Families must have an adjusted annual income which does not exceed 95 percent of the median income for the local area, with adjustments for smaller or larger families. There is no restriction on assets.
- (f) Maximum Mortgage Amount: Generally, a mortgage shall not exceed \$32,000 for a single-family dwelling or a one-family unit in a condominium, except that such amount may be increased to \$38,000 in the case of a family with five or more persons. In high cost areas, the maximum mortgage amount cannot exceed \$38,000 or \$44,000 for a family with five or more persons.
- (g) Downpayment Requirements: The mortgagor must have paid three (3) percent of the acquisition cost.

2. Section 8 Housing Assistance Payments Program

- (a) Purpose: To provide assistance to low and very low-income families in newly constructed, existing, or substantially rehabilitated dwellings.
- (b) Method of Assistance: The housing assistance payment covers the difference between the contract rent (i.e., total rent payable to the owner of an assisted unit, including the tenant's contribution) and the portion of this rent that is payable by the family (which varies between 15 percent and 25 percent of gross income)
- (c) Eligible Owners: Either public bodies or private entities, including cooperatives, can qualify as owners and receive housing assistance payments on behalf of subsidized tenants under the program.
- (d) Eligible Units: These include:
 - Single-family units
 - Multi-family apartments
 - Congregate housing (common kitchen facilities)
 - Mobile homes (new construction only for renters, not homeowners)

- (e) Income Limits: Low-income families are defined as earning no more than 80 percent of the local area median income. Very low-income families are defined as earning no more than 50 percent of the area median income. Adjustments are made for larger or smaller families.
- (f) Tenant Contribution: Assisted tenants must pay no less than 15 percent, and no more than 25 percent, of their gross income. The following types of tenants cannot be charged more than 15 percent of their gross monthly income for rent:
- Large (six or more minors) very low-income families
 - Very large (eight or more minors) low-income families
 - Families with "exceptional medical or other expenses" as determined by HUD
- (g) Leased Housing in Existing Units: The Section 8 program places emphasis on the utilization of the existing housing stock. Although the leased housing program in existing units is substantially that described above, there are significant features which apply only to it.
- (1) Eligible Sponsors: Assistance in existing units is financed through the use of Annual Contributions Contracts (ACC) to public housing authorities. These contracts enable the housing authorities to make housing assistance payments on behalf of eligible families to private owners leasing safe, sanitary, and decent units.
- (2) Amount of Housing Assistance Payment: As in other parts of the leasing program, the housing authorities payment to the owner is limited to the difference between the contract rent and the tenant's contribution--between 15 and 25 percent of income.
- (3) Certification of Family Eligibility: Housing authorities administering ACCs for Section 8 assistance in existing housing are responsible for certifying eligible tenants and issuing Certificates of Family Participation. These documents certify that the family may participate in the program and are proof to a prospective landlord that the housing authority will assist the tenant in meeting rental obligations according to legislative requirements and HUD's regulations.

- (4) Expiration of Eligibility Certificate: Persons holding Certificates of Family Participation must find a suitable unit for housing authority approval within 60 days of their issuance, after that, the Certificate expires. Extensions may be granted for another 60-day period; allowing one certificate to lapse may not preclude a family from applying for another at a later date.
- (5) Application Requirements: In order to receive a Certificate of Family Participation, the family must apply for it, and show that it meets the income criteria specified for the program. The Certificate applies only in the jurisdiction of the housing authority; it may not be used to obtain housing outside of that area. Families holding Certificates in one jurisdiction wishing to move to another are eligible to receive assistance in their new residence as long as they secure a Certificate from the appropriate housing authority.
- (6) "Finders-Keepers Policy:" A holder of a Certificate of Family Participation shall be responsible for finding an existing housing unit suitable to the holder's needs and desires in any area within the housing authority's jurisdiction. A holder of a Certificate may select the dwelling unit which the holder already occupies if the unit qualifies as existing housing.

3. California Housing Finance Agency (CHFA)-- Multi-Unit Direct Lending Program

- (a) Purpose: The primary function of the CHFA is to sell tax-exempt bonds and use the proceeds to finance housing with below-market interest rate loans. AB9 allows the agency to issue up to \$300 million in tax-exempt revenue bonds and \$150 million in taxable revenue bonds. Under terms of Section 802 of the 1974 Housing and Community Development Act, the taxable bonds can receive a one-third interest subsidy. This section has not yet been implemented by the U.S. Department of Housing and Urban Development; therefore, the maximum capacity of the Agency to make loans in its first year is \$300 million.
- (b) Direct Loans: The agency is authorized to make construction and permanent loans up to 95 percent of the total development costs to a profit-motivated mortgagor and up to 100 percent to a mortgagor which is a non-profit corporation.

- (c) Mixed-Income Approach: Each development proposal will be evaluated from the standpoint of its capacity to sustain market rents, thereby responding to the effective demand of middle-income persons and families. Each development is to provide opportunities to low- and moderate-income individuals and families who will be assisted with rental subsidies as provided by the Section 8 program.
- (d) Site Selection Criteria: Prior to making a mortgage loan commitment, the Agency must determine that the site has "sufficiency of access...to supporting social services, transportation, schools, employment, and retail merchants" and that "the location...is consistent with the Agency's policies of dispersing housing developments throughout communities and of avoiding undue concentration of persons and families of low income."
- (e) Income Definitions: The income definitions employed by CHFA correspond to those used by HUD.
- (f) Priority Setting: In its site selection process, CHFA will assign priority to those communities that have succeeded in, or are in the process of, preparing a local housing element and housing assistance plan.

4. Community Redevelopment Agencies

- (a) Purpose: Community Redevelopment Agencies are authorized under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.) to carry out redevelopment programs at the local level. A CRA is established by city ordinance, subject to a referendum, declaring the need for such an agency to function in the community. The governing board of a CRA is appointed by local legislative body and may be either a separate body or the same as the local legislative body. Most redevelopment agencies, however, are headed by city council members. The legislature has declared it a fundamental purpose of redevelopment, in addition to increasing employment opportunities for low-income persons, to expand the supply of low- and moderate-income housing.

The agency can sue and be sued, acquire property by eminent domain, assemble and dispose of property, construct public improvements, borrow money from any public or private source, and engage in a wide range of government and development activities mandated by redevelopment law.

- (b) Method of Assistance. In plans or amendments adopted after January 1, 1976, CRA's, at a minimum, must develop, on a one-to-one basis, replacement housing for all units destroyed or removed from the low and moderate-income housing market as a part of a redevelopment project. The overall plan or amendment must demonstrate that at least 30 percent of all new or rehabilitated dwelling units developed by the CRA will be for low and moderate-income persons, and of this, at least 50 percent must be for persons of low-income. Where a plan or amendment was adopted prior to January 1, 1976, the CRA's are authorized to replace low and moderate-income units destroyed or removed pursuant to the project. The replacement units may be built inside or outside the redevelopment area. Community Redevelopment Agencies do not have authority to operate rental housing projects, and must sell or lease such developments within a reasonable time after construction.

Refer to Item No. 6, S.B. 99.

5. Tax Exempt Housing Revenue Bonds - Orange County

- (a) Purpose: The County of Orange uses its authority to issue tax exempt revenue bonds to finance construction of both single and multiple-family developments. These bonds are made available if 20% of the units are proposed to be occupied by individuals or families making less than 80% of the median family income for the County.
- (b) Method of Assistance: Projects within cities first must receive approval from that city prior to qualifying. A city's participation in the program is limited to a letter of approval for specific projects and a cooperative agreement between the city and county. Final selection of developers, selling of bonds and administration of the program is handled entirely by the county and approved lenders.

6. Marks-Foran and S.B. 99

- (a) Purpose: Two recent pieces of legislation enable communities to use their borrowing power to provide financing for low and moderate-income housing at below-market rates. The Marks-Foran Residential Rehabilitation Act authorizes cities, counties, housing authorities, and redevelopment agencies to issue tax exempt revenue bonds to finance residential rehabilitation; and SB 99 (1975) allows redevelopment agencies to issue revenue bonds in order to provide long-term, low-interest loans to finance residential construction in redevelopment areas.

- (b) Method of Assistance: Under Marks-Foran, loans are made in areas designated for residential rehabilitation by the community through a formal public hearing process. The community must make a commitment to enforce rehabilitation standards on 95 percent of the structures in the rehabilitation area and to provide the public improvements necessary to support rehabilitation.

Specifically, Marks-Foran loans may be used to pay for: work needed for compliance with the city's residential rehabilitation standards; general property improvements not required by the City's residential rehabilitation standards (up to 20 percent of the loan for absentee-owned property and up to 40 percent for owner-occupied property); refinancing of loans on rehabilitated property (provided at least 20 percent of the total loan is used for meeting the city's rehabilitation standards); architectural, engineering appraisal, origination, and other fees.

Marks-Foran loans may also be used to upgrade housing for low and moderate-income persons outside a residential rehabilitation area and to finance construction of replacement housing.

SB 99 loans are also available at below-market rates for construction of new housing in previously designated redevelopment areas. Therefore, a first step in issuing SB 99 bonds for construction of new housing is the creation of a redevelopment district and adoption of a redevelopment plan.

Both Marks-Foran and SB 99 bonds may be issued without a referendum, although SB 99 projects come under the referendum requirements of Article 34 of the California Constitution. Marks-Foran bond issues are not subject to Article 34.

7. Orange County Infill Program

- (a) Purpose: To provide new affordable housing for low-income property owners.
- (b) Method of Assistance: Property owner must own property "free and clear", i.e. without any outstanding loans, qualify as low-income and live in the unit after it is built. The County purchases the old house from the owner who uses these funds as a down-payment on the new house. The County contracts with a developer to demolish the old house and build a new modular one which keeps construction costs low.

B. HOUSING REHABILITATION

This area refers to housing improvements that involve more than routine maintenance and minor repairs. It involves the correction of several minor or a few major structural conditions as well as the replacement of obsolete interior and exterior housing components. As such, rehabilitation usually involves improvements to the substandard portion of a community's housing. However, rehabilitation also can include major alterations to a dwelling -- such as through remodeling -- in order to make it more suitable to meeting user and community housing needs.

Within the context of the study to be performed, remodeling refers primarily to expanding the amount of living space in the existing stock in order to meet the space needs of present and future users. Thus defined, the need for remodeling can occur in both the standard and substandard housing supply. Indicators of this need are the floor areas in existing dwellings and the extent of overcrowding. Preliminary indicators are that the need for rehabilitation in the City of Placentia typically extends to new roofs, driveways, interior and exterior painting, the installation of block wall fences, and the creation of patios and kitchen expansions.

The following programs represent alternative vehicles for addressing the question of housing rehabilitation.

1. CHFA Neighborhood Preservation Program

- (a) Purpose and Methodology: Pursuant to State enabling legislation, the California Housing Finance Agency is charged with the formulation and implementation of a "Neighborhood Preservation Program." CHFA reviews applications from

local governments which have identified concentrated rehabilitation, community improvement, and mortgage funds assistance areas. The Agency then designates neighborhood preservation areas and local governments are then eligible to contract with CHFA for low-interest loans (7-3/4%), mortgage insurance, and technical assistance. A local jurisdiction must implement a code enforcement or compliance program, and make a commitment to utilize other Federal and State programs.

2. Marks-Foran Residential Rehabilitation

- (a) Purpose and Methodology: The Marks-Foran Residential Rehabilitation Act of 1973 authorizes all cities and counties (and agencies thereof) to sell revenue bonds and bond anticipation notes to finance residential rehabilitation loans. The issuance of revenue bonds cannot obligate the city to levy or pledge any form of taxation to retire the bonds. Thus, the bonds, interest and other associated costs are paid for from revenues generated by individual loan payments. The program is restricted to designated areas where the City (or County) is committed to concentrated code enforcement and capital improvements upgrading. The interest rate charged to borrowers is commensurate with the rate paid by the city with additional charges for administration, loan servicing, and default reserve.

3. Section 8 Leased Housing Assistance Payment Program -- Substantial Rehabilitation

- (a) Purpose: The aim of this program is to facilitate the rehabilitation of housing which eventually will receive the benefit of the Section 8 program on behalf of eligible renter families. No funds are available to accomplish the actual residential improvements, however. The agreement to enter into a Housing Assistance Payments Contract is executed between the owner and HUD prior to the start of rehabilitation.
- (b) Program Design: According to HUD regulations, this term refers to the improvement of a property to decent, safe, and sanitary condition and in accord with HUD requirements from a condition requiring more than routine or minor repairs or improvements of such extent as to necessitate execution of an agreement prior to the performance of the work. Substantial rehabilitation may vary in degree from

gutting and extensive reconstruction to cosmetic improvements coupled with cure of substantial accumulation of deferred maintenance. Cosmetic improvements alone do not qualify as substantial rehabilitation under HUD's definition.

The meaning of substantial rehabilitation also includes renovation, alteration or remodeling for the conversion, or adaptation of structurally sound property to the design and condition required for use under the Section 8 program (e.g., conversion of a hotel to housing for the elderly).

4. Section 235 Assistance Payments for Project Rehabilitation

- (a) Purpose: As in the Section 8 program alternative, the Section 235 program provides a means for encouraging the improvement of the housing stock. However, in contrast to the Section 8 program, which is directed to renter households, the Section 235 program is aimed for homeowners.
- (b) Method of Assistance: Assistance, in the form of reduced interest rates, is allowed to mortgagors who purchase for occupancy substantially rehabilitated single-family or condominium units. A property rehabilitated and offered as security for a subsidized mortgage must be fully marketable in the neighborhood without the benefit of the subsidy.

5. Community Development 100-Percent Rehabilitation Cost Grant Program

- (a) Purpose and Design: This program alternative would provide a grant (funded by the City's H/CD monies) to cover the entire costs of the rehabilitation effort. Because "100-percent grants" are an expensive method of effecting improvements to the housing stock, they usually are used only for limited rehabilitation projects. Moreover, some communities have provided grants only in those instances where emergency repairs are necessary and the occupants are very low-income individuals or families. Emergency repairs might encompass such problems as roof leaks, hazardous wiring, etc. The "100-percent grants," therefore, can be generally applied in extreme cases of very low-income occupants and hazardous, though not overly costly, conditions which can be corrected.

6. Community Development Partial Rehabilitation Cost Grant Program

- (a) Purpose and Design: Partial grants are aimed at encouraging private stock improvement efforts by providing incentives. For example, grants could cover from 10 to 50 percent or more of rehabilitation costs with the percentage being determined on the basis of actual costs or ability to pay. The partial grant could take the form of a rebate as is done in the City of West Covina's

"Home Improvement Incentive Program." Thus far, this program has stimulated improvements to 65 of 300 homes in the community development target area. Under the provisions of this program, any person owning residential property within a designated area is eligible to participate in the program. There are no income requirements. Although a list of eligible improvements has been adopted, any improvement of a permanent nature is generally eligible.

7. Community Development Grant/Loan Rehabilitation Program

- (a) Purpose and Design: Under this program option, grants are made to complement improvement loans issued by either the public or private sector. The purpose of the grant, when combined with the loan, is to enable the property owner to complete all required work and to make money available for rehabilitation at a nominal interest rate. For instance, if the total amount of rehabilitation work costs \$4,000, the property owner could obtain a loan for \$3,000 and be assisted with a \$1,000 grant. This would have the effect of producing a \$4,000 improvement with interest charged only on \$3,000.

8. City Improvement and Restoration Program (CIRP)

- (a) Purpose and Design: The CIRP program is sponsored by the Bank of America in conjunction with participating cities. The Bank and a participating city will enter into an agreement in order to implement the program. The city refers and directs potential borrowers to designated local offices of the Bank of America. The Bank, in turn, performs its customary credit evaluation with respect to the credit-worthiness of each applicant, and informs a designated representative of the city of such judgment. If the city desires that the loan should be made, the Bank shall make the loan to the applicant, taking into account the pledged deposit (described below) to support the loan.
- (b) Sponsor Responsibility: Each loan made by the Bank will be supported by a non-interest bearing deposit account pledged to the Bank by the city. The deposit will be made on a loan-by-loan basis when such loan is

granted. Because the account will be non-interest bearing, the Bank will lower its prevailing interest rate for the rehabilitation loan made under this program. The effective interest rate to the borrower can be as low as 3.75 percent if supported by a 100-percent deposit from the City.

9. Property Improvement Program for Community Development

- (a) Purpose and Design: This program has been devised by the Security Pacific National Bank. It allows a city - through its community development block grant funds - to reduce the interest payments usually due on property improvement loans. For example, the Bank will charge a 12-percent interest rate, but a city can reduce it (for an eligible homeowner) to 3 percent or 6 percent by paying part of the interest amount with CD block grant funds.
- (b) Bank Responsibility: In this program, the Bank will assume all responsibility for credit losses in the program. Also, Security Pacific National Bank will provide all credit investigations prepare documentation and process loan payments. The loans are for 15 years with a maximum loan amount of \$15,000 for single-family structures. The loan period of 15 years as opposed to conventional terms of 5 to 7 years is the single most important factor in reducing the homeowner's monthly payments.
- (c) Eligible Tasks:
- Additions and alterations to increase livability or usefulness of existing structures, such as rooms, porches, stairways, closets, bathrooms, and entrances.
 - Exterior work to help preserve or protect structures, such as painting, roofing and siding.
 - Interior work to make a structure more livable, such as painting, papering, plastering, new flooring and tile work.
 - Repairs, restoration or replacement of important parts of structures, such as heating systems, plumbing systems, electrical wiring, etc.

10. Cooperative Rehabilitation

- (a) Purpose and Design: A cooperative program can be a particularly effective way to rehabilitate a deteriorating neighborhood. The community could acquire the deteriorating housing with financing from revenue bonds, general revenues, Section 312, Marks Foran, tax increment funds, and the like; and either rehabilitate the housing itself or sell the units to a cooperative for rehabilitation. By retaining the land, deferring land payments, and issuing index loans, the community can bring the cost of the housing within the reach of low and moderate-income residents. CDBG loans may be used to subsidize the interest on the rehabilitation loans, or to provide direct rehabilitation grants to cooperatives. Section 8 housing assistance payments may be used to help low-income cooperative members.

While cooperatives work best in large developments and multi-family housing, a cooperative rehabilitation program can be used even where the bulk of the housing is single-family homes with low-income owners. Communities can make rehabilitation grants or low-interest loans with rent supplements to owners who agree to join a cooperative or who agree to sell their home to a cooperative with price restrictions as a condition of the grant or loan.

11. Refinancing: Section 223(f)

- (a) Purpose and Design: Refinancing--traditionally used as a way for investors to recapture increased property values--can also provide funds for rehabilitation of rental housing. Carried out under traditional programs, refinancing generally results in increased rental payments; but under Section 223(f) owners can borrow funds without raising their total monthly payments. The program allows owners of housing with eight or more units to replace short-term, high-interest financing with longer term, lower interest FHA-incurred loans--thus lowering the monthly payments on the old debt and making rehabilitation money available without increasing monthly costs. Section 223(f) loans require controls on rent increases so that rehabilitation can take place without hardship to renters. Communities can carry out their own local equivalent of the Section 223(f) program with locally guaranteed or subsidized rehabilitation/refinance loans along with controls of rents and transfers.

- (b) Program Benefit: A refinancing program can result in significant benefits--among them, rehabilitation of properties in otherwise deteriorating neighborhoods, improved tenant relations, increased sale values, and enhanced neighborhood stability.

The program is especially attractive for lenders since it replaces potentially delinquent mortgages on deteriorating properties with insured mortgages on revived structures.

- (c) Program Drawback: Yet, there are some drawbacks. Some properties are too heavily mortgaged to add on further debt; and unless rent and transfer controls are rigorous, rehabilitation programs, instead of aiding low-income residents, may actually help drive them out.

C. HOUSING PRESERVATION

Every community wants to preserve the quality of its existing stock of housing. The preservation and/or conservation of the housing supply is important to the community-at-large as well as housing consumers. For a city, the value of real estate improvements must be maintained in order to preserve city revenues. A municipality's tax base may decline unless active efforts are taken to maintain and improve the condition of the housing stock, which often absorbs as much as 50 to 60 percent of all land uses in a community. In addition, the achievement of housing preservation will prevent the necessity for large-scale rehabilitation and/or renewal programs. With respect to housing users, housing preservation will promote the continued availability of standard shelter in locations other than new housing development areas.

These needs refer to the maintenance and preservation of the existing housing stock in its present quality state; that is, the prevention of deferred maintenance which could have the cumulative impact of creating substandard shelter.

Any number of factors may create a need for housing preservation. The predominant age of housing in a neighborhood combined with current maintenance practices are need indicators. Other factors considered important include tenure ratios, income, residential property values, relative availability of public or private facilities and services.

1. Property Maintenance Ordinances

(a) Purpose and Design: The purpose of such an ordinance is to control the maintenance of all property in order to prevent or eliminate conditions which are detrimental to public health, safety or welfare including the diminution of property values, community appearance, and the use and enjoyment of properties in the general area. These ordinances specify the conditions contrary to the proper maintenance of property and the procedures by which nuisances resulting from improper maintenance can be abated. The list of conditions contrary to property maintenance usually includes the following:

- abandoned, boarded-up, partially destroyed buildings;
- unpainted buildings;
- broken windows;
- attractive nuisances;
- building exteriors maintained so as to become defective, unsightly, deteriorated, or in a state of disrepair; and
- improper upkeep of yards (junk; trash; vegetation; abandoned, discarded, or unused objects).

(b) Program Drawbacks:

- emphasis is on exterior appearance and the ordinance is not exclusively concerned with residential properties and not concerned with the total conditions of a building; and
- such a method cannot prevent improper maintenance, only correct certain obvious faults. It follows that the approach is most appropriate in areas where the basic condition of the housing stock is sound.

2. Voluntary Minor Repairs Program

- (a) Purpose: The aim of this program is to provide assistance primarily to low-income senior citizens and/or disabled/handicapped homeowners to correct or repair minor deficiencies to a dwelling. These families sometimes have household maintenance disabilities which prevent them from keeping up their housing. Thus, this program -- for particular families -- would arrest incipient problems before they result in quality deterioration.
- (b) Program Examples: A program similar to the foregoing was recently initiated by the Chico City Council. The City initiated the Chico Housing Improvement Program (CHIP) in the fall of 1973. CHIP was allocated \$22,000 from federal revenue-sharing funds for administrative costs and a high-risk (non-bankable) loan pool. CHIP's purpose is to identify and organize sources of information about home and community improvements and counsel homeowners in search of assistance. Low-income or disabled homeowners are provided free labor, but they must provide the building materials and participate in the improvements to the extent that their physical condition permits. Labor is provided by the Chico State University students, and the University's Industrial Technology Department has instituted a 15-unit upper division class in which students, under an instructor's supervision, provide labor at no cost. The Bank of America earmarked \$102,000 for CHIP in the form of modernization loans needed for the purchase of materials.

3. Home Improvement Rebate Program

- (a) Purpose and Design: This program, initially formulated by the City of West Covina, attempts to provide incentives for home improvements in neighborhoods which are not deteriorated but are beginning to show signs of neglect. The program, in essence, offers a 10% rebate on expenditures made for eligible home improvements. Eligibility for the program is not based on income requirements; instead, there are "area" requirements (i.e., location in a community development target area). The scope of eligible improvements includes both exterior and interior improvements, with a minimum of \$250 and a maximum of \$5,000 being the qualifying dollar amount of expenditures for the rebate. Property owners apply to the City for the rebate and arrange for the improvements upon a notification of completion and thereafter approves issuance of the rebate. The City is considering augmenting the basic program with a 25% rebate aimed at senior citizens, low-income families, and handicapped persons.

- (b) Program Characteristics: This kind of program, with some modifications, could be instituted by the City to prevent the practice of deferred maintenance. However, it is believed that the maximum level of expenditure required for a rebate need not be as high as \$5,000. This level of expenditure is indicative of either minor rehabilitation and/or remodeling. In addition, to encourage participation by low- and moderate-income families, the rebate could range from 10 to 25% based upon ability to pay (although no specific income requirements would need to be set). The major drawback of the program is that the City cannot retain its initial set of funds, as would be the case in the revolving loan fund. However, an allocation of \$20,000, for example, could encourage as much as \$200,000 of improvements to the residential stock.

4. Voluntary Housing Code Enforcement

- (a) Purpose: Although there are several restrictions on code enforcement, the local housing code is a primary legal means by which the City can detect housing conditions indicative of deferred maintenance. Generally, enforcement of the code is accomplished on a complaint and referral system. The conditions of the unit causing the complaint can then be compared to the standards contained in the Code in order to determine whether the unit is, in fact, in violation of the code.
- (b) Program Characteristics: The characteristics of the Housing Code (Volume III of the Uniform Building Code) are described below:
- Purpose: to provide minimum requirements for the protection of life, limb, health, property, safety and welfare of the general public and the owners and occupants of residential buildings.
 - Application: the code applies to all buildings or portions thereof used or designed or intended to be used for human habitation.
 - Features Governed by the Housing Code: space and occupancy standards; structural requirements; mechanical requirements; and fire protection.

- Substandard Conditions: several conditions are listed in the Housing Code which can cause a dwelling unit to be considered substandard. Any one of these conditions is sufficient to warrant a violation to the extent that it endangers the life, limb, health, property, safety or welfare of the public or occupants.

- Abatement of Substandard Buildings: repair, rehabilitation, demolition, or removal. The City can proceed to cause the work to be done and charge the costs thereof against the property owners. Certain standards are to be followed in ordering the repair, vacation, or demolition of any substandard building. These are:

- The building must be repaired in accordance with the current Building Code or demolished at the option of the building owner.

- If the building or structure is in such a condition as to make it immediately dangerous to the life, limb, property, or safety of the public or of the occupants, it shall be ordered to be vacated.

(c) Appeals Procedures: there can be established a five-member Housing Advisory and Appeals Board. The Board shall be appointed by the Mayor or City Council and shall serve at his or its pleasure. The function of the Board is to provide for final interpretation of the provisions of the Housing Code and to hear appeals from the judgment of the building inspector.

According to a recent State publication:*

"An appeals board has broad authority to approve alternate materials and methods of construction, and to grant variances from specific code requirements based on local conditions when justified."

(As mandated by the Legislature, the State Housing Law regulations adopt by reference the Uniform Housing Code, 1973 Edition, as published by the International Conference of Building Officials. Local housing codes are required to be equivalent to the State Housing Law and Administrative regulations. Where there is no equivalent local housing code, the State Housing Law and regulations apply.)

* State of California, Department of Housing and Community Development, Division of Codes and Standards, "Rehabilitation of Residential Buildings Under the State Housing Law, A Draft Paper."

- (d) Program Design: The maintenance of a residential building is a factor that falls within the purview of the housing code. Consequently, enforcement of the housing code, on a voluntary basis, can result in arresting the practice of deferred maintenance such as inadequate paint or fencing. Many times, however, housing code enforcement is based on complaints and referrals. In order to carry out code enforcement on a voluntary basis, incentives usually must be developed to encourage property owners to improve dwellings beginning to show signs of neglect. Such incentives could be provided through a "home improvement rebate program" described above. At this time, though, it should be pointed out that housing code enforcement should be an integral part of the City's housing program since it can affect not only housing quality preservation, but also the need for housing replacement and/or relocation as well as serve as a vital aspect of an overall residential rehabilitation program.

5. Special Conservation Zoning District

- (a) Purpose and Design: Zoning is often-times a neglected tool for the conservation of existing neighborhoods. The "special conservation zoning district" is a district fashioned after the concept of the planned unit development which is usually applied to vacant areas. The district takes effect through the adoption of a precise plan and set of regulations, called the Neighborhood Conservation Plan, specifically intended, in each case, to facilitate maintenance and upgrading of the neighborhood; to encourage development of vacant or under-used lots; to ameliorate the adverse effects of incompatible mixture of uses; and to encourage neighborhood owners and residents to take positive steps for the improvement of the neighborhood.
- (b) Program Characteristics: The district is intended to reflect and accommodate a mixture of land uses which are not usually incorporated in any single zoning district. As a land use control instrument, the district would include; guidelines and criteria for the co-existence of dissimilar uses and the re-use of property (i.e., height, bulk, location, density and design); performance standards to control external effects of all uses, especially industrial uses; and property improvement and development standards such as parking, street lighting, block walls, playgrounds and open space. The district would apply to designated areas of the City and would be used to implement specific neighborhood plans.

(c) Program Format: Drawing from a prototypical district developed by the City of Phoenix, a Neighborhood Conservation Plan would incorporate the following:

- Permitted land uses of each parcel of land within the district
- Contain a schedule of density, coverage, height, and other requirements applicable to buildings and structures
- Contain specific regulations for the remodeling of existing buildings, application of performance standards, application of site plan and design review procedures, and other matters deemed to be essential to the conservation and revitalization of the designated area.

6. Community Development Block Grant Programs

- (a) Purpose: Grants, direct loans and loan guarantees, as described for the rehabilitation program options, also can be used to effect housing preservation.
- (b) Methodology and Design: Grants can be particularly helpful in encouraging minor improvements in selected target areas or in assisting significant population segments such as senior citizens and the disabled or handicapped to correct minor deficiencies of their housing. The use of "100-percent grants" might be appropriate where homeowners are low-income and/or have household maintenance disabilities which prevent them from practicing regular maintenance. Partial grants could be suitable as a means of fostering home improvements. As described earlier, the grant could take the form of a rebate. However, in order to restrict the program to preservation as compared to rehabilitation objectives, a maximum dollar level of improvement costs would need to be established. Based on a maximum dollar expenditure of \$2,000 for example, and rebates of 10 percent to 25 percent, based on ability-to-pay criteria, the maximum amount of the rebate would range from \$200 to \$500.

In addition to these options, a grant/loan program could be created as well as a loan program aimed at reducing interest rates on the loan.

All of the foregoing could be combined with a program directed at enforcing the housing code and prevailing maintenance standards. The options would provide incentives for compliance with code requirements and maintenance standards.

7. California Housing Finance Agency

- (a) Purpose and Design: The California Housing Finance Agency was established by law in 1975 and a year later began issuing tax exempt revenue bonds and using the proceeds to:
- finance a Neighborhood Preservation program providing loans and insurance for rehabilitation programs in designated areas;
 - purchase mortgages from private lenders to enable eligible low and moderate income borrowers to purchase single family homes;
 - provide direct loans for the development of new rental and cooperative multi-family housing for low and moderate income households.
- (b) Program Intent: This program represents a cooperative state-local effort to preserve and rehabilitate declining neighborhoods. Local governments wishing to participate ask the CHFA to designate specified neighborhoods as Neighborhood Preservation Areas. After the appropriate findings and designations have been made and with the local government supplying public services, administrative assistance, and public improvements, the CHFA markets bonds and proceeds from the bond sale are used to purchase home improvement loans and home purchase loans from private lenders.

8. Housing Resale Inspection Program

- (a) Purpose: The intent of this program is to monitor existing homes within the City and to detect and correct Building Code violations. Rather than depending only on the complaint system, City inspections would be made on the existing unit at the time of its resale. Approval by the Building Division as to the units conformance to the Building Code would be required prior to the resale of any housing unit. This program would spot and arrest incipient problems before they result in further deterioration and detect cases of construction without prior permits.
- (b) Program: The City may draw on the resale inspection programs of numerous other cities for developing its program. The program would necessarily incorporate the following:
- Notification of the housing resale to the City
 - Inspection of the housing unit for Building Code conformity (These may be either the present code or the code at the time of original construction).
 - Correction of defects by either the present owner or the future owner.



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California Housing Finance Agency

(1) The California Housing Finance Agency was established by law in 1952 and a year later began issuing bonds to finance housing construction and related programs.

A major responsibility of the agency is to provide loans and insurance for residential programs in the state.

A bond issue was authorized by the state legislature in 1952 and the first bonds were sold in 1953.

A private sector fund for the development of new housing was established in 1954 and the first bonds were sold in 1955.

(2) The agency's first major program was the issuance of bonds to finance housing construction. The first bonds were sold in 1953 and the first bonds were sold in 1954. The agency has since issued several other bond issues to finance housing construction and related programs.

(3) The agency's second major program was the issuance of bonds to finance housing construction. The first bonds were sold in 1953 and the first bonds were sold in 1954. The agency has since issued several other bond issues to finance housing construction and related programs.

(4) The agency's third major program was the issuance of bonds to finance housing construction. The first bonds were sold in 1953 and the first bonds were sold in 1954. The agency has since issued several other bond issues to finance housing construction and related programs.

(5) The agency's fourth major program was the issuance of bonds to finance housing construction. The first bonds were sold in 1953 and the first bonds were sold in 1954. The agency has since issued several other bond issues to finance housing construction and related programs.

The California Housing Finance Agency is a public corporation created by the state legislature.

The agency's primary purpose is to provide loans and insurance for residential programs in the state.

The agency's second purpose is to provide loans and insurance for residential programs in the state.

